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THE WORLD BANK/IFC/M.I.G.A.

## OFFICE MEMORANDUM

DATE: March 29, 1995

TO: Mr. Masood Ahmed, IEC DR

FROM: R.P. Brigish, Operations Adviser, IEC

EXTENSION: 33868

SUBJECT: **Paris Club Meeting--March 20-24, 1995: Back-to-Office Report**

1. The Paris Club convened in March to resume rescheduling negotiations with Croatia, which had been suspended in January, and to restructure the debt of Nicaragua and Bolivia. Because of the protracted nature of all of these negotiations, the tour d'horizon was curtailed, to include only: Mauritania, Senegal, Russia, Macedonia, Haiti, Honduras, Jamaica, and Myanmar. Summaries of the results of the reschedulings appear below; those of the country discussions appear in the annex.

### *CROATIA*

2. Negotiations had stalled when Croatia attempted to link resolution of its debts to settlement of the assets of the former Yugoslavia. In March, it clarified its position by requesting the Paris Club not grant any principal reduction on non-allocated debt to any successor state of the former Yugoslavia, pending completion of the negotiations on the succession process (and hence resolution of the asset question). The Paris Club noted this request, and responded by saying that future debt rescheduling of successor states "would be based on a case-by-case assessment of financing needs", implying that debt stock reduction in these cases would not be forthcoming.

3. A further obstacle arose during the resumed discussions as some creditors attempted to expand the definition of the debt to be treated to include some loans whose beneficiaries (as opposed to signatories) were located in Croatia. Compromise wording was agreed which permitted this definition to obtain in instances where both sides were to agree.

### *NICARAGUA*

4. Although Nicaragua now meets the Paris Club's eligibility guidelines for debt stock reduction, a consensus to accord it such terms did not emerge, as some creditors wished to await further progress by the Government in settling property

expropriation compensation claims. In the event, Nicaragua was accorded a maturities rescheduling, with a 67% reduction of obligations due during the three-year consolidation period. Debt previously rescheduled on concessional terms was deferred, not rescheduled. Two creditors chose the non-concessional option. Creditors agreed to re-open the question of stock reduction at the end of the consolidation period.

### ***BOLIVIA***

5. Bolivia, too, is technically eligible for debt reduction, but received only a maturities rescheduling, since some creditors lacked budgetary authority to go further. The rescheduling terms were similar to those for Nicaragua described above, although the goodwill clause on stock reduction was more forthcoming, stating that it will be considered when there is a consensus among creditors to do so. One creditor adopted the non-concessional option.

6. The April meeting will consider restructuring the debts of Senegal, Mauritania and Haiti, with Russia and Algeria scheduled for May.

### Attachments

cc Messrs./Mmes (w/attachments): Baird (DECVP); Bhattacharya (FRSCR); Reyes (IECDF); Guerard (AFRCE); Katz (AFTPS); Rosenberg (AFRVP); Sarbib, Fredriksen (AF5); Madavo, Cox (EA1); Lomax, Poortman (EC1); Dervis, Noel (EC2); Huang, Mitra (EC3); Segura, Dowsett-Coirolo (LA2); Abe, Morrow (LA3); **Institutional ISC**

cc Messrs/Mmes. (w/o attachment): Kaji, Sandstrom, Frank (EXC); Bruno (DECVP); Jaycox, Kanbur (AFRVP); Cheetham, Husain (EAPVP); Koch-Weser, Page (MNAV); Wood, Salop (SASVP); Thalwitz, Selowsky (ECAVP), Burki, Edwards (LACVP); Linn (FPRVP); Fukui (CFSVP); Nishimizu (FRSDR); Gelb (PRDTE); Donovan (FRMDR); Lav (FRMRO); Pfeffermann (CEIED); Malloch Brown (EXTDR); Hudes (LEGMN); Handwerker, Wyss (Field Office, Paris) Johannes, Jun (IECIF); IEC Division Chiefs



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

I-A/ PREAMBLE

1. The representatives of the Governments of Austria, Belgium, Denmark, France, Germany, Japan, the Netherlands, the United Kingdom and the United States of America, hereinafter referred to as "Participating Creditor Countries", met in Paris on March 23 and 24, 1995 with representatives of the Government of the Republic of Bolivia in order to examine the request to alleviate the Republic of Bolivia's external debt service obligations. Observers of the Governments of Brazil, Israel, Italy and Spain as well as the International Monetary Fund, the International Bank for Reconstruction and Development, the Interamerican Development Bank, the Secretariat of the UNCTAD and the Organization for Economic Cooperation and Development also attended the meeting.

2. The delegation of the Republic of Bolivia 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 arrangements under the Enhanced Structural Adjustment Facility with the International Monetary Fund.

3. The representatives of the International Monetary Fund described the Republic of Bolivia's economic situation and the major elements of the adjustment program adopted by the Government of the Republic of Bolivia and supported by arrangements under the Enhanced Structural Adjustment Facility with the International Monetary Fund. The first annual arrangement approved by the Executive Board of the International Monetary Fund on December 19, 1994 covers the period ending on December 18, 1995 and involves specific commitments in both the economic and financial fields.

4. The representatives of the Governments of the Participating Creditor Countries noted the strong measures of adjustment in the economic and financial program undertaken by the Government of the Republic of Bolivia and stressed the importance they attach to the continued and full implementation of this program and, in particular, the revitalization of the productive sector of the economy and the improvement of public finances and foreign exchange management.

They took note of the Republic of Bolivia's chronic balance of payments problems and very heavy debt service obligations, in conjunction with very low per capita income, which were deemed, given the strong adjustment program noted above, to warrant exceptional treatment of the debt.

B/ DEFINITIONS

1. For the purpose of the present Agreed Minute, "the Appropriate Market Rate" means the rate, rounded to the nearest 1/16th of a point, and conditions of interest which will be determined bilaterally between the Government of the Republic of Bolivia and the Government or the appropriate institutions of each Participating Creditor Country.

2. The authenticated tables attached to the present Agreed Minute and referred to hereafter form an integral part of the present Agreed Minute. As concerns the repayment schedules indicated in Tables A1, A3, C2 and D2, it is understood that "semester" means a period of six successive months. The first semester referred to in the Tables is the period beginning on December 31, 1996. For each semester it is understood that the due date is the first day of the corresponding semester.

3. Late interest charges are those interest charges accruing between the contractual payment date of principal and interest due and not paid, and a date to be fixed in the bilateral agreements concluded for the implementation of the present Agreed Minute.

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[Handwritten signatures and initials]



## II- RECOMMENDATIONS ON TERMS OF THE REORGANIZATION

In view of the serious payment difficulties faced by the Republic of Bolivia, 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 Bolivia 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 or guaranteed by the Government of the Republic of Bolivia or its public sector, pursuant to an agreement 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 or guaranteed by the Government of the Republic of Bolivia or its public sector, pursuant to an agreement or other financial arrangement concluded before December 31, 1985 ;

c) repayments of principal and interest due as a result of the consolidation agreements concluded or to be concluded according to the Agreed Minutes dated July 18, 1986 and November 14, 1988 ;

d) payments in interest due as a result of the consolidation agreements concluded or to be concluded according to the Agreed Minute dated March 15, 1990.

It is understood that debt service, due as a result of debts described above in the present Agreed Minute and effected through special payment mechanisms or other external accounts, is included in the present reorganization. Participating Creditor Countries will reschedule, refinance or take other appropriate measures to ensure that this category of debt is treated in a manner comparable to other debt subject to this Agreed Minute.

It is understood that debt service due as a result of the consolidation agreements concluded according to the Agreed Minute dated January 24, 1992 is not affected by the present reorganization.

### 2. Terms of the consolidation

The debt relief will apply as follows :

A/ As regards credits or loans granted or guaranteed by the Governments of France, Germany, the Netherlands and the United Kingdom or their appropriate institutions

a) 67% of the amounts of principal and interest (including late interest) due as at December 31, 1994 inclusive and not paid and 67% of the amounts of principal and interest (excluding late interest) due from January 1, 1995 up to December 31, 1997 inclusive and not paid on credits, loans and consolidations mentioned in paragraphs 1.a), 1.b) and 1.c) above and not covered by paragraph C/ below will not need to be repaid by the Government of the Republic of Bolivia. The remaining 33% will be rescheduled or refinanced. Repayment by the Government of the Republic of Bolivia of the corresponding sums will be made as described in Table A1 attached to the present Agreed Minute ;

b) the rates and the conditions of interest on the rescheduling or refinancing arrangements covered by paragraph a) above will be determined bilaterally between the Government of the Republic of Bolivia and the Government or appropriate institutions of the Participating Creditor Countries on the basis of the Appropriate Market Rate.

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b) The rates and the conditions of interest applying on the rescheduling or refinancing arrangements covered by paragraph a) above will be determined bilaterally between the Government of the Republic of Bolivia and the Government or appropriate institutions of the concerned Participating Creditor Countries on the basis of an Appropriate Market Rate. As concerns the Official Development Assistance loans, it is understood that the rates and the conditions of interest should be at least as favourable as the concessional rates applying to those loans.

**E/ As regards consolidation agreements mentioned in paragraph 1.d) above :**

a) 100% of the amounts in interest (excluding late interest) due from January 1, 1995 up to December 31, 1997 inclusive and not paid 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 December 31, 2001(end of the grace period) and the final payment to be made on June 30, 2006 (end of the repayment period) ;

b) the rates and the conditions of interest on the rescheduling or refinancing arrangement covered by paragraph a) above 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 an Appropriate Market Rate. As concerns the Official Development Assistance loans, it is understood that the rates and the conditions of interest should be at least as favourable as the concessional rates applying to those loans.

**3. Debt swaps**

On a voluntary and bilateral basis, the Government of each participating creditor country or its appropriate institutions may sell or exchange, in the framework of debt for nature, debt for aid, debt for equity swaps or other local currency debt swaps :

(i) the amounts of outstanding loans mentioned in paragraph 1. above as regards official development aid loans and direct Government loans ;

(ii) the amounts of other outstanding credits mentioned in paragraph 1. above, up to 10% of the amounts of outstanding credits as of December 31, 1991 or up to an amount of 20 million US dollars, whichever is higher.

**III- GENERAL RECOMMENDATIONS**

1. In order to secure comparable treatment of its debt due to all its external public or private creditors, the Government of the Republic of Bolivia commits itself to seek from all its external creditors debt reorganization arrangements on terms comparable to those set forth in the present Agreed Minute for credits of comparable maturity.

Consequently, the Government of the Republic of Bolivia commits itself not to accord any category of creditors -and in particular creditor countries not participating in this Agreed Minute, commercial banks and suppliers - a treatment more favourable than that accorded the Participating Creditor Countries.

2. The Government of the Republic of Bolivia will seek to secure, from each of its creditor countries not participating in the present Agreed Minute, rescheduling or refinancing arrangements on terms comparable to those set forth in the present Agreed Minute. The Government of the Republic of Bolivia 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 Bolivia agrees that it will promptly negotiate rescheduling or refinancing arrangements with all other creditors on credits of comparable term.

The Government of the Republic of Bolivia will inform in writing the Chairman of the Paris Club not later than September 30, 1995 of the progress made for this purpose in negotiations with other creditors.

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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 2., of 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 September 30, 1995. Interest will be charged on those amounts.

5. The Participating Creditor Countries agree 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 inform the Chairman of the Paris Club of the date of the signature of its bilateral agreement, of the interest rates, of the amounts of debts involved and of any implementation of debt conversions in application of paragraph II-3. above. The Government of the Republic of Bolivia acknowledges this arrangement.

7. The Government of the Republic of Bolivia will inform the Chairman of the Paris 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 Bolivia undertakes to pay all debt service due and not paid as at the date of the present Agreed Minute on consolidations, on loans, on credits or pursuant to contracts or other financial arrangements payable on cash terms, extended or guaranteed by the Governments of the Participating or Observer Creditor Countries or their appropriate institutions, and not covered by the present Agreed Minute as soon as possible, and in any case not later than September 30, 1995.

Late interest will be charged on those amounts.

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 Countries or their appropriate institutions, for which the corresponding payments in local currency have been or will be deposited in the Central Bank of Bolivia.

#### IV - IMPLEMENTATION

The detailed arrangements for the rescheduling or refinancing of the debts will be accomplished 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 :

- either 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 payment. These funds will be repaid by the Government of the Republic of Bolivia according to the terms and conditions set out in Article II, paragraph 2. above ;

- or reschedule the corresponding payments.

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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 September 30, 1995.

3. Each Participating Creditor Country reserves the right to change its option chosen in the present Agreed Minute among options described in Article II paragraphs 2. A/ and 2. B/ hereabove not later than the date of the signature of the corresponding bilateral agreement.

4. a) The provisions of the present Agreed Minute will continue to apply until December 31, 1995 inclusive provided that the Government of the Republic of Bolivia continues to have an appropriate arrangement with the International Monetary Fund ;

b) they will also continue to apply from January 1, 1996 up to December 31, 1996 provided that the Executive Board of the International Monetary Fund has approved before March 31, 1996, a second annual arrangement under the Enhanced Structural Adjustment Facility with the Government of the Republic of Bolivia and provided that the Republic of Bolivia has made on due dates the payments referred to in this Agreed Minute ;

c) they will also continue to apply from January 1, 1997 up to December 31, 1997 provided that the Executive Board of the International Monetary Fund has approved before March 31, 1997, a third annual arrangement under the Enhanced Structural Adjustment Facility with the Government of the Republic of Bolivia and provided that the Republic of Bolivia has made on due dates the payments referred to in this Agreed Minute ;

d) for this purpose, the Government of the Republic of Bolivia agrees that the International Monetary Fund will inform the Chairman of the Paris Club regarding the status of the Republic of Bolivia's relations with the International Monetary Fund.

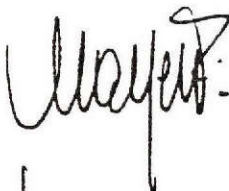
5. As Participating and Observer Creditor Countries are in principle willing to accord a treatment of Bolivia's stock of debt, in view of the successful implementation of the previous Agreed Minutes, they will notify the Government of the Republic of Bolivia as soon as Creditor Countries have reached agreement to set an appropriate date for that purpose. The terms of the present Agreed Minute do not prejudice the terms of the Agreement that would be reached at that time.

6. The representatives of the Government of each of the Participating Creditor Countries and of the Government of the Republic of Bolivia 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 March 24, 1995  
in two versions, English and French,  
both texts equally authentic,

The Chairman  
of the Paris Club

The Head of the Delegation  
of the Republic of Bolivia





Delegation of Austria



Delegation of Germany



Delegation of Belgium

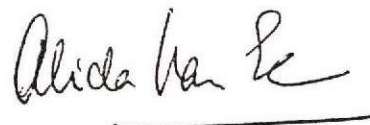


Delegation of Japan

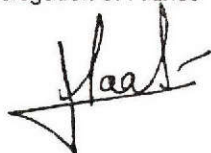


Delegation of Denmark


Delegation of the Netherlands



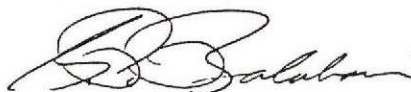
Delegation of France



Delegation of the United Kingdom



Delegation of the United States of America



**PARIS CLUB**  
**PRESS RELEASE**

**THE PARIS CLUB AGREES ON A DEBT RESTRUCTURING  
FOR THE REPUBLIC OF BOLIVIA**

1. The Paris Club met on March 24, 1995 with representatives of the Republic of Bolivia. The representatives of the Creditor Countries agreed to recommend to their Governments a reorganization of the maturities falling due during the period covered by Bolivia's arrangement with the International Monetary Fund.

This represents a major restructuring of the Republic of Bolivia's external debt ; it applies to payments due under loans from, and credits guaranteed by the Republic of Bolivia's official creditors.

2. The representatives of the Creditor Countries noted that the Republic of Bolivia's low per capita income and heavy debt burden call for strong adjustment efforts together with exceptional treatment of debt.

The representatives of the Creditor Countries welcomed the implementation by the Government of the Republic of Bolivia of an economic and financial program supported by a first arrangement under the Enhanced Structural Adjustment Facility with the International Monetary Fund.

3. The delegation of the Republic of Bolivia asked for a concessional treatment of its debt. Creditor Countries agreed to debt reduction and rescheduling in order to foster economic growth and accelerate development in the country.

The agreement implements the "Naples Terms" agreed in December 1994 for the treatment of the poorest and most indebted countries.

4. The representatives of the Creditor Countries agreed to recommend a treatment of the debt including :

- write-off of 67% of debt service obligations due under eligible loans and credits ; the remaining part to be consolidated at market interest rates over a period of 23 years (including a grace period of 6 years) ;

- or consolidation at concessional interest rates, so as to reduce by 67% in net present value the payments due on eligible loans and credits, with a repayment period of 33 years.

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

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

### Background notes

1. The Paris Club was formed in 1956. It is an informal group of Creditor Governments mainly from major industrialized countries (i.e. OECD): It meets on a monthly basis in Paris with debtor countries in order to agree with them on restructuring their debts.

2. The members of the Paris Club which participated in the Reorganization were representatives of the Governments of Austria, Belgium, Denmark, France, Germany, Japan, the Netherlands, the United Kingdom and the United States of America.

3. Observers at the meeting were representatives of the Governments of Brazil, Israel, Italy and Spain as well as of the International Monetary Fund, the International Bank for Reconstruction and Development, the Interamerican Development Bank, the Secretariat of the UNCTAD and the Organization for Economic Cooperation and Development.

4. The delegation of the Republic of Bolivia headed by Mr Fernando COSSIO, Minister of Finance, expressed its thanks to the Participating members of the Paris Club for their help in strengthening the Republic of Bolivia's economic and financial situation.

5. The meeting was chaired by Mr Francis MAYER, Assistant Secretary for International Affairs at the Treasury at the Ministry of Economy.

6. The arrangement concluded by Bolivia with the International Monetary Fund was approved by the Fund's Executive Board on December 19, 1994 ; the three year arrangement under the Enhanced Structural Adjustment Facility covers a period through end 1997.

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## PARIS CLUB DEBT NEGOTIATIONS

### PRESENTATION BY THE MINISTER OF FINANCE FROM THE REPUBLIC OF BOLIVIA

On behalf of the Bolivian government and its delegation, I want to thank you for the opportunity to attend this meeting.

In order to present an overview of Bolivia's economic and social recent developments, please allow me to refer to main issues related to them.

1.- The serious social and economic crisis faced by Bolivia in the early 1980's resulted in one of the most severe hyperinflations in world history. This chaotic situation prompted the government elected in 1985 to implement a rigorous stabilization and structural adjustment program. This reform program has led to an improvement in the main macroeconomic indicators including a positive shift in the balance of payments, ending a trend of negative GDP growth, reducing annual inflation to single digit figures and paving the way for the consolidation of a new market oriented economy, in which the private sector has become the principal player.

2.- In August 1993 a new elected administration headed by Mr. Gonzalo Sanchez de Lozada took office. The new government started its term in office by introducing tight fiscal and monetary policies aimed to reduce the current account deficit and protect the stabilization effort. The continuity in economic policies seen over the past nine years has made it possible to restore confidence in the Bolivian economy, to have a recovery in private investment, and has at the same time ensured a modest growth in output since 1987.



3.- An outstanding feature of the current government is its determination to deepen and broaden the set of economic policies introduced in August 1985 through the design of new legislation to underpin the structural reforms aimed at attaining sustainable development and eradicate poverty. These far reaching changes, laws for which have already been approved by Congress, cover the following areas:

- The capitalization of the largest state owned enterprises, the privatization of the remaining public enterprises and the creation of a new sectoral regulatory framework will open up the productive sector currently controlled by the State to private participation and generate greater investment, promote transfer of technology, and improve the export potential of the country.

- Education reform is a most profound measure that addresses the need to increase the human capital base as a key element to increase growth and reduce poverty, although results will only be visible in the long term. The new curriculae will take into account the particular features of indigenous cultural backgrounds, reassign resources in favour of basic education, and improve administrative processes including teaching standards.

- Popular participation is a very important means of redistribution of social and economic power. It decentralizes authority and responsibility directly to neighbourhoods and communities, so that they can define their regional priorities and direct financial resources provided by the central government to these ends. It increases the accountability of social policies and reassigns important resources to rural areas and the provinces, areas that are currently in great poverty.

The latter two reforms are effective and comprehensive measures aimed to address critical needs of the most vulnerable sectors of the population.

4.- The Bolivian government has agreed, last October, with the International Monetary Fund a medium term program under the Enhanced Structural Adjustment Facility (ESAF) that supports the government objectives aimed at lifting the main structural constraints to achieve sustainable growth while preserving macroeconomic stability and reducing poverty. The program covers a three year period starting October 1, 1994 and has been designed in close cooperation with the Fund and the World Bank. This program has been endorsed by the international community at the Paris Consultative Group meeting organized by the World Bank in November 1994. To achieve the aforementioned objectives the program aims to: improve the human capital base, harness private sector initiative to become the main engine of economic growth, increase the efficiency of public and private investment, increase the rate of investment and the level of technology, and preserve the environment. Successful debt restructuring will be vital in meeting these objectives.

5.- Latest macroeconomic developments from 1994 to date include the following figures:

- Yearly inflation rate to february 1995 has fallen to 8.5%. It is expected that this figure will continue to drop in the next three years, to reach 5% by end 1997.
- Fiscal deficit during 1994 amounted 3.2% of GDP. This level will be temporarily increased in 1995 and 1996, due to one time costs incurred in the implementation of structural reforms.
- Net international reserves have been falling in the past four months due mainly to two effects: First, the liquidation of two commercial banks. This forced the Central Bank to return deposits initially amounting to around US\$ 20 million. Second



the capital flight impact derived from the Mexican crisis has reduced net international reserves by an additional US\$ 26 million in January and February 1995. During March this outflow has been reduced through the implementation of restrictive monetary measures.

6.- These recent developments show that capital inflows will not remain as strong as they were in the past three years. As a result, the external accounts will be tighter than projected at the time when negotiations with the IMF took place. This will increase the need of additional balance of payments financing in order to assure macroeconomic stability. To fulfill this requirement, a larger relief from Paris Club creditors than the one foreseen in October, would be of much assistance.

7.- The severe terms of trade deterioration experienced by the country during the past ten years prevented exports earnings from growing at higher rates. Because of this fact, debt indicators as a proportion of exports did not improve significantly. The scheduled public debt service/export ratio fell slightly, from 34.6% to 33.8% between 1985 and 1994. Meanwhile, the present value of the average debt service/exports ratio for the last three years stands at around 400%.

Although much progress has been made, the still high level of indebtedness and its effect on the debt service burden creates doubts about the medium term viability of the balance of payments. In particular, there is overwhelming international evidence that the uncertainty about the balance of payments, limits the investment response to the structural reforms undertaken by Bolivia. The World Bank still classifies Bolivia as a "severely indebted country." This means that the current debt burden must be reduced in order to attain a viable balance of payments in the medium term.

8.- Bolivia, for the first time after eight years of continuous economic reform, has the opportunity to finally obtain a permanent solution to its debt problem due to the Naples initiative, for which terms it is eligible.

9.- Our proposal consists of a Naples terms stock of debt operation that includes debt previously rescheduled under Paris Club I, II, III and IV and not previously rescheduled debt within the pre cut off date. This treatment would include principal and interest due but not paid during 1994. This request has the advantage of yielding a permanent solution to the Bolivian debt problem and is a necessary condition to attain long term balance of payments viability. Additionally, it helps the country to finance the much needed structural reform program. If enough relief is not provided, projected high priority investments will have to be curtailed. Thus, output growth will be reduced putting in jeopardy the sustainability of the entire reform effort.

10.- It is important to recall the commitment assumed by the creditor countries at Paris Club IV, which states: "If for the three years following the date of the signature of this Agreed Minute, the Republic of Bolivia maintains satisfactory relations with the Participating or Observer Creditor Countries, and notably fully implements all agreements signed with them and continues to have an appropriate arrangement with the International Monetary Fund, the Participating Creditor Countries agree in principle to hold a meeting by then to consider the matter of the Republic of Bolivia's stock of debt." In this context, it is our belief that the country honored all the terms of this requirement thus qualifying for a Naples terms stock of debt relief operation.

11.- Bolivia could in the context of this request benefit from the debt reduction programs announced by several countries or from comparable reductions already granted to Bolivia by some creditor countries in the recent past. The country could also benefit from



relief programs linked to efforts related to environmental conservation, consistent with the macroeconomic goals foreseen in the agreement signed with the International Monetary Fund.

12.- Finally Mr. Chairman and dear representatives of Paris Club creditor countries, we expect your understanding and solidarity with Bolivia's efforts to overcome underdevelopment and poverty. Your acceptance of our proposal along with the policies that Bolivia has put in place, will help reduce the debt burden and increase both domestic and foreign private investment. It will also make a major contribution to achieve sustained economic growth and to improve the living standards of the population.

March, 1995

**Paris Club Meeting on Bolivia****23 March 1995****Statement by the UNCTAD Representative**

The Bolivian economy has improved markedly over the years. Since 1990, with the exception of 1992, the rate of growth of real GDP has exceeded 4% and per capita real GDP has also grown by more than 2%. Inflation has been tamed down to a single digit level. The government budget deficit was also reduced to around 3% in 1994. This was a remarkable progress, especially viewed against a not very favorable external environment, as Bolivia's terms of trade have continuously and substantially deteriorated since 1980.

In 1994, Bolivia adopted a medium-term adjustment program for the period 1994-1997, with a view to consolidating the gains so far achieved through fiscal and monetary discipline and putting the economy on a sustainable growth path. In particular the programme of privatization and capitalization of public enterprises will help increasing economic efficiency and boosting up investments.

The programme also includes bold measures to alleviate poverty which is affecting the vast majority of the population, especially in rural areas. The government's strategy is to tackle the problem at its roots, by improving social services and developing human capital. Particular attention is given to increasing the quality of basic education and health and improving access to education in rural areas. An innovative mechanism to redistribute income has also been introduced by distributing 50% of the shares of enterprises being privatized to Bolivian citizens and depositing these shares in pension funds. In addition, the Government's Popular Participation Program is the main instrument to assure a more equitable allocation of resources, by redistributing fiscal revenue to municipalities and endowing them with the responsibility for investment in infrastructure.

The implementation of the medium-term program will likely benefit from a somewhat more lenient external environment, resulting from the more diversified export basis. Non



traditional exports account now for more than 50% of total exports. Diversification thus reduces the vulnerability to market uncertainties of metals and minerals exports.

The gaps between investment requirements and domestic savings will remain significant for quite some time, given the still low savings capacity of the country and the investments needs resulting from structural reforms. Bolivia will have to rely on foreign savings on concessional terms. Foreign direct investment is also expected to increase, following the introduction of the privatization programme. However, there is a risk that the recent Mexican financial crisis will have a spillover effect on the rest of the Latin American region, and on Bolivia in particular, by slowing down the inflows of foreign investment. In that case, the projected external financing gaps will be larger due to insufficient capital inflows.

The debt problem remains a major concern and a satisfactory solution would significantly contribute to the success of the program. At the end of 1994, total debt outstanding exceeded US\$ 4 Billion, the ratio of debt over GDP was more than 80%, the ratio of debt over exports exceeded 410% and the debt service ratio was close to 40%. By all standards, the debt burden is very high, especially for a country struggling with serious poverty problems. And yet Bolivia has respected its obligations toward its creditors by clearing arrears.

Bolivia has also shown its determination to solve its debt problem, with the help of donor countries. In 1988, Bolivia initiated the first commercial bank debt buy-back, using funds provided by some donors. Since then, Bolivia has been able to retire most of its commercial bank debt, either through cash buy-backs on the secondary markets or by exchanging it for US Treasury bonds. Bolivia has also been able to reduce its bilateral debt. The last Paris Club agreement reduced by 50% the consolidated amount of interest and principal payments falling due. Agreements have been reached with its Latin American creditors to eliminate a large part of debt owed. The United States had also written off a significant amount of Bolivian debt, and Switzerland and more recently Denmark had cancelled bilateral debt.

Despite these initiatives, debt remains high. The shift of Bolivian debt toward multilateral creditors which now account for nearly 60% of total debt implies that the debt problem will be more difficult to tackle in the future, given the preferential status and the non-reschedulability of multilateral debt.

In these circumstances, a reduction of at least two-thirds of Paris Club stock of debt is crucial in filling the financing gap. This will help putting Bolivia on a sustainable growth track. Paris Club creditors will, therefore, in conformity with the spirit of the new Naples Terms, help Bolivia exiting from its bilateral debt problem, on the strength of this country's exemplary performance in restructuring its economy and implementing a responsible debt strategy.



STATEMENT OF THE INTERAMERICAN DEVELOPMENT BANK

AT THE PARIS CLUB MEETING FOR BOLIVIA

(PARIS, MARCH 23, 1995)

Mr. Chairman, may I begin by thanking Mr. Cossio for an excellent presentation which provided us with a clear and comprehensive statement of the aims of the government and a description of the country's external debt problem. On behalf of the Inter-American Development Bank, I want to reinforce our commitment to support the country's overall development efforts, in particular with respect to the structural reforms being undertaken by the government and the efforts to address the social unbalances and the modernization of the state.

Bolivia has witnessed considerable progress over the last several years. An economic stabilization and structural adjustment program, supported by the IDB, the World Bank and the IMF, gave rise to a substantial recovery in per capita income, nontraditional exports and public sector revenues. The second generation reforms which are now underway will involve major and complex adjustments, which, when successful will entail a substantial increase in private investment, with a significant participation of foreign direct investment.

However, in spite of the successful renegotiation of commercial debt obligations in the past few years, the country has a severe external debt problem that requires the support of the international community. Bolivia's debt service to exports ratio remains well above the critical level of 25 percent indicating a severe liquidity burden. Moreover, Bolivia's present value of debt-to-export ratio is also above the threshold of 300 percent, indicating a severe debt overhang which might make the country's future debt servicing unsustainable.

Information made available under the country's debt reporting system indicates that during the coming years the amortization of bilateral debt is likely to represent a heavy burden. This burden may cause the net bilateral lending to Bolivia to become negative during a critical period of consolidation of structural change, which requires a net positive transfer of resources. Future financing from private sources and from multilateral institutions will represent the core of external financing during this period, but this might well be insufficient for the country's needs.

The continued support of the international financing community for Bolivia's medium-term program of structural reform and social development is required in order to achieve higher growth rates and a sustainable balance of payments. In order to achieve these goals, the country should give a stronger emphasis to an export-oriented strategy, maintain exchange-rate and interest-rate policies that attract durable capital inflows and only allow increases in the trade deficit to the extent that imports are directed to productive investments.

Bank support to Bolivia to date amounts over US\$ 2 billion. The pipeline of projects for the next three years totals approximately US \$ 800 million. It includes lending for the capitalization program, the construction of roads for the export corridor, and lending to the social sector (over one half of the total). We are pleased to note that there is a convergence between the objectives of the government's social actions, and the objectives of the Eighth Replenishment of the IDB.



In support of the capitalization program, the IDB, together with the World Bank, will contribute US\$ 130 million. Both institutions are coordinating closely their actions in the areas of governance and support to the social sector as well. In coordination with the government of Bolivia, we also strive for complementarity of our efforts with those of bilateral assistance, thus maximizing the impact of overall external assistance.

In closing, we would like to express our gratitude to the french authorities for hosting this Paris Club Meeting, and to congratulate the government of Bolivia for their strong and far reaching reform program. The IDB will continue its support of the government of Bolivia's efforts towards higher economic growth - growth that is not only sustainable, but that is increasingly shared by all its citizens. Thank you.

Statement by the IMF Representative at the  
Meeting of the Paris Club for Bolivia  
March 23, 1995

Since 1985, Bolivia has made major progress in reducing inflation, restructuring the economy, and restoring economic growth. The Fund has supported this effort from the outset, including under four annual ESAF arrangements during 1988-94. On December 19, 1994, the Fund's Executive Board approved a new three-year ESAF for Bolivia in the amount of SDR 100.96 million and the first annual arrangement thereunder (SDR 33.65 million). The program features important structural reforms, while ensuring that the public sector can avoid resorting to domestic credit and that monetary restraint is maintained.

Under the authorities' current program, the combined public sector deficit was reduced from about 6 1/2 percent of GDP in 1993 to 3.2 percent in 1994. Inflation declined from 9.3 percent to 8.5 percent during this period, while output growth rose to 4.2 percent in 1994. Notwithstanding important progress in the past several years, the pace of investment and real GDP growth has not been sufficient to allow for a significant reduction of poverty, and Bolivia remains one of the poorest countries in the Western Hemisphere. The economy continues to be vulnerable to external shocks and the debt-service burden remains high.

Economic policies for 1995 have been designed in the context of a three-year program aimed at raising the growth of real GDP to about 6 percent in 1997, reducing inflation to 5 percent in that year, and continuing progress toward external viability. The macroeconomic framework is designed to support an important program of structural changes--including



the capitalization/privatization of the six largest public enterprises and reforms of the education, pension, civil service, and judicial systems. The cost of these reforms is estimated at 3.8 percent of GDP in 1995 (equivalent to about US\$220 million) and 1.7 percent of GDP a year in 1996 and 1997.

The Government has implemented tax measures and curbs on public spending to help cover the costs of reforms. At the same time, the Government has obtained commitments of additional grants and concessional loans to help finance the costs. On this basis, the deficit of the combined public sector is projected to increase to 4.4 percent of GDP in 1995, when the capitalization of the six major enterprises is scheduled to take place, and to 3.5 percent of GDP in 1996, and then to decline over time.

From October 1994 to January 1995, Bolivia's financial performance was in line with the program. However, in the wake of uncertainties in Latin American financial markets following events in Mexico, gross international reserves declined by about US\$50 million in February 1995. The Central Bank subsequently has raised interest rates and the boliviano has depreciated somewhat under the system of Central Bank auctions. The authorities are considering further steps to tighten credit conditions and help return reserves to the program path.

Through the sectoral reforms and capitalization of the major public enterprises, the Government will open up the hydrocarbons, electricity, telecommunication, railways, and international air transportation sectors to private investment and competition. The authorities are aiming to alleviate poverty by raising the rate of economic growth and by targeting programs to improve the coverage and quality of basic education and health. Reform of

the pension system is designed to broaden its coverage, strengthen its financial position, and promote domestic savings.

The balance of payments will be affected significantly by the capitalization of public enterprises. Direct private investment in the electricity, telecommunication, and hydrocarbon sectors is projected at about US\$645 million in 1995-97, and the external current account deficit would widen from about 6 percent of GDP in 1994 to 7 percent of GDP in 1995 and close to 9 percent in 1996-97. The projected investment would strengthen Bolivia's export base, and the external current account deficit would decline steadily after 1997.

To finance the projected external current account deficits, allow for a moderate increase of international reserves, and cover scheduled repayments of public sector debt, there is a need for capital inflows of about US\$1 billion a year in 1995-97, of which about US\$340 million a year are expected from net private capital flows and direct foreign investment. On the basis of existing commitments and indications received at the November 1994 Consultative Group Meeting in Bolivia, the Government expects gross disbursements of grants and loans to average about US\$580 million a year in 1995-97. About half of these resources are expected to come from multilateral sources and the rest from official bilateral sources, mostly in the form of grants.

After taking account of Fund financing, these flows would leave residual financing gaps of about US\$120 million in 1995, US\$100 million in 1996 and US\$80 million in 1997, which hopefully would be covered by debt relief on concessional terms from bilateral creditors. Given Bolivia's good



record of program implementation and continued ambitious adjustment efforts, the IMF staff views Bolivia as a strong candidate for an early stock of debt operation, which we think provides a good prospect for a definite exit from repeated reschedulings.

The IMF welcomes the efforts undertaken by the Bolivian authorities in implementing a strong program of macroeconomic adjustment and structural reforms that should raise growth and reduce poverty, and in December 1994 the Executive Board approved an ESAF arrangement in support of the Government's 1995-97 program. The IMF staff believes that this program deserves the full support of the international financial community.

BOLIVIA  
PARIS CLUB MEETING  
MARCH 21, 1995  
STATEMENT BY THE WORLD BANK REPRESENTATIVE

Bolivia's economic performance since the early 1990s has been encouraging. GDP growth has averaged about 4 percent per year since 1990, and private sector investment has grown by about 10 percent per year since 1992. Bolivia has been successful in maintaining price stability, with inflation decreasing to 8.3 percent by end-1994. The fiscal deficit, although deteriorating during the election year 1993, improved to 3.2 percent of GDP in 1994.

Taking into account severe terms of trade losses, the growth achieved in recent years has been relatively good, but has not been enough to make much progress towards reducing poverty. The current macroeconomic stability provides an adequate framework to begin implementing the second-generation structural reforms, which are designed to foster private and social investment to accelerate economic growth and reduce poverty. The reforms include a major enterprise capitalization program designed to attract private sector investment and management to sectors traditionally dominated by public enterprises. The framework law for this program was passed by Congress in March 1994. It includes provisions for transferring up to 50 percent of ownership to the strategic partners and transferring the state's present ownership to the Bolivian people through individual deferred distribution accounts managed by private pension funds. Currently, the Government is developing the sector specific details required to implement the capitalization program. In any event, a necessary condition for attracting private investment is the establishment of a broad regulatory framework. To achieve this, the System of Sectoral Regulation (SIRESE) Law was passed by Congress in October 1994. In addition, passage of separate sectoral laws will be necessary for establishing regulations and defining other key sectoral parameters. The first of these laws--the Electricity Law--was passed by the Congress in December 1994, ~~Also in December~~ <sup>also</sup> ~~1994,~~ <sup>at which time</sup> the Congress passed an amendment to the tax law, which reforms the tax system by establishing a uniform and stable tax environment applicable to all private enterprises.

Another key element of the Government's program is popular participation. Its objectives are to decentralize the political and economic decision making processes by transferring resources and the administration of key public services to indigenous, rural and urban communities. The Popular Participation Law, passed by Congress in April 1994, provides a framework for this process. This has initiated transferring to the



municipalities the responsibility to administer, maintain and renovate physical infrastructure in education, health, cultural and sports facilities, and local roads and irrigation systems. Currently, efforts are underway to strengthen the ability of municipalities to formulate and implement development plans generated through the new participatory process.

Finally, to accelerate the development of human capital, the program includes a comprehensive education reform whose objective is to improve the quality and coverage at the primary and secondary levels. The framework Education Reform Law was passed in July 1994 and the reform was officially inaugurated at beginning of the 1995 school year.

The Bolivian economy is still dependent on a few primary commodity exports with uncertain market prospects, and the ongoing diversification of its export base will take time. Continued implementation of the reform program should lead to export diversification. As an example, the opening up of the mining sector has resulted in substantial investments which have led to increased exports of gold and more importantly, the emergence of a export-oriented gold jewelry industry. The recent deterioration in the terms of trade was primarily caused by the permanent 50 percent reduction in the price of natural gas, Bolivia's most important export. Furthermore, Bolivia still faces difficult prospects over the medium-term, as the weak social and physical infrastructure, combined with a limited human resource base, will make it more difficult to sustain high rates of growth in the future. However, if the second-generation reforms succeed and price stability is maintained, Bolivia could achieve GDP growth of more than 4 percent per year, and make progress towards alleviating poverty. Among other things, to achieve this will require continued prudent fiscal policies, an acceleration of private investment and private sector activity primarily through the capitalization program, more efficient social sector expenditures, and intensified efforts towards developing basic economic infrastructure.

*will be done also*

Despite success in reducing the country's debt, Bolivia remains burdened by a high level of external debt, and all of its debt indicators are substantially above sustainable levels. While Bolivia retains access to official loans and did receive a substantial net inflow of foreign savings over the past three years, it is unlikely that it will regain creditworthiness for loans on purely commercial terms for a number of years. *This means also that Bolivia is an IDA-only country.*

Bolivia's most serious challenge in its effort to reduce poverty over the next five years is to remove the remaining barriers to investment and growth by implementing



the second-generation structural reforms. The Bank's assistance to Bolivia focuses on helping to eliminate the remaining stubborn structural constraints. Because of the Government's strong commitment to this ambitious reform program, the lending program for FY95-97 is front-loaded and designed to provide maximum support during the first half of the administration. The operations fall in three major categories--rationalizing the role of the state, poverty reduction and human resource development, and natural resource management.

In order to build a solid foundation for reducing poverty, the Bank's lending program will assist the Government *rationalizing the role of the state*. The first subgroup of projects will provide financial and technical assistance support for enterprise capitalization. A policy-based operation will support the process, as well as the technical, legislative and regulatory changes needed to recast the role of the state in the major sectors. This operation will be complemented by technical assistance operations to assist with regulatory reform (approved in July 1994) and support the hydrocarbons and power sector reforms. The second subgroup of projects will help strengthen essential public institutions through implementation of reforms to the judiciary, the civil service and to pension programs.

Our *poverty reduction and human resource development* strategy for FY95-97 focuses on basic education, water and sanitation in the rural areas and rural community development. An operation was approved in August 1994 to support the previously mentioned education reform. This will be followed by an operation to finance the investment needs of primary education. A rural water supply and sanitation project will assist in improving health and living conditions in rural areas, while a rural community development project will help to implement popular participation.

To assist in rational *natural resource management*, the FY95-97 lending program includes an operation to define standards and enforcement mechanisms and to finance rectifying the existing stock of environmental pollution caused by industry and mining. In addition, a project to improve the land administration system will help rationalize land ownership and environmental management of land use.

The FY95-97 lending program is robust, with operations totaling about US\$80 million per year to be directed towards supporting the Government's reforms. Of this, about 20 percent would be for balance of payments support. Because of its track record of adjustment dating back to late-1985, we believe that Bolivia warrants the full support of the international community in addressing its adjustment and growth challenges.



## DETTE EXTERIEURE DE LA BOLIVIE

TABLEAU A

ECHANCES CONTRACTUELLES RELATIVES AUX PRETS GOUVERNEMENTAUX ET AUX CREDITS COMMERCIAUX GARANTIS D'UNE DUREE SUPERIEURE A UN AN NON PRECEDEMMENT CONSOLIDEES

CONCLUS AVANT LA DATE BUTOIR

DONNEES DES PAYS CREANCIERS

SECTEUR PUBLIC

DATE BUTOIR : 31 décembre 1985

PRETS GOUVERNEMENTAUX  
CREDITS COMMERCIAUX

(EN MILLIONS US \$ AU COURS DU 31 DECEMBRE 1994)

PAYS	ENCOURS			DONT ARRIERES			ECHANCES DUES			ECHANCES DUES			ECHANCES DUES			ECHANCES DUES			ECHANCES DUES			ECHANCES DUES											
	au 31/12/1994			au 31/12/1994			au 1/01/1995			au 1/04/1995			au 1/07/1995			en 1996			en 1997			en 1998			en 1999			en 1999 et au-delà					
	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T
ALLEMAGNE	71,11	8,96	80,07	6,49	1,39	7,88	-	-	-	2,53	0,64	3,17	2,53	0,61	3,14	5,07	1,15	6,22	5,07	1,05	6,12	5,07	0,95	6,02	42,96	4,56	47,52	42,96	4,56	47,52	42,96	4,56	47,52
I - PG	69,83	8,96	78,79	5,24	1,36	6,60	-	-	-	2,53	0,64	3,17	2,53	0,61	3,14	5,07	1,15	6,22	5,07	1,05	6,12	5,07	0,95	6,02	42,96	4,56	47,52	42,96	4,56	47,52	42,96	4,56	47,52
dont : APD	69,83	8,96	78,79	5,24	1,36	6,60	-	-	-	2,53	0,64	3,17	2,53	0,61	3,14	5,07	1,15	6,22	5,07	1,05	6,12	5,07	0,95	6,02	42,96	4,56	47,52	42,96	4,56	47,52	42,96	4,56	47,52
dont : autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II - CC	1,28	-	1,28	1,25	0,03	1,28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AUTRICHE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
I - PG	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont : APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont : autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II - CC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BELGIQUE	13,86	-	13,86	1,73	-	1,73	-	-	-	-	-	-	0,70	-	0,70	0,71	-	0,71	0,70	-	0,70	0,71	-	0,71	9,31	-	9,31	9,31	-	9,31	9,31	-	9,31
I - PG	13,86	-	13,86	1,73	-	1,73	-	-	-	-	-	-	0,70	-	0,70	0,71	-	0,71	0,70	-	0,70	0,71	-	0,71	9,31	-	9,31	9,31	-	9,31	9,31	-	9,31
dont : APD	13,86	-	13,86	1,73	-	1,73	-	-	-	-	-	-	0,70	-	0,70	0,71	-	0,71	0,70	-	0,70	0,71	-	0,71	9,31	-	9,31	9,31	-	9,31	9,31	-	9,31
dont : autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II - CC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DANEMARK	15,83	-	15,83	-	-	-	-	-	-	0,80	-	0,80	0,80	-	0,80	1,60	-	1,60	1,60	-	1,60	1,60	-	1,60	9,43	-	9,43	9,43	-	9,43	9,43	-	9,43
I - PG	15,83	-	15,83	-	-	-	-	-	-	0,80	-	0,80	0,80	-	0,80	1,60	-	1,60	1,60	-	1,60	1,60	-	1,60	9,43	-	9,43	9,43	-	9,43	9,43	-	9,43
dont : APD	15,83	-	15,83	-	-	-	-	-	-	0,80	-	0,80	0,80	-	0,80	1,60	-	1,60	1,60	-	1,60	1,60	-	1,60	9,43	-	9,43	9,43	-	9,43	9,43	-	9,43
dont : autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II - CC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ESPAGNE	1,08	0,31	1,39	-	-	-	-	-	-	0,06	0,03	0,09	0,06	0,03	0,09	0,12	0,06	0,18	0,12	0,05	0,17	0,12	0,04	0,16	0,60	0,10	0,70	0,60	0,10	0,70	0,60	0,10	0,70
I - PG	1,08	0,31	1,39	-	-	-	-	-	-	0,06	0,03	0,09	0,06	0,03	0,09	0,12	0,06	0,18	0,12	0,05	0,17	0,12	0,04	0,16	0,60	0,10	0,70	0,60	0,10	0,70	0,60	0,10	0,70
dont : APD	1,08	0,31	1,39	-	-	-	-	-	-	0,06	0,03	0,09	0,06	0,03	0,09	0,12	0,06	0,18	0,12	0,05	0,17	0,12	0,04	0,16	0,60	0,10	0,70	0,60	0,10	0,70	0,60	0,10	0,70
dont : autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II - CC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ETATS-UNIS	8,31	4,94	13,25	1,32	0,49	1,81	0,18	0,50	0,68	0,62	0,30	0,92	0,44	0,28	0,72	0,94	0,51	1,45	0,86	0,26	1,12	0,13	0,38	0,51	3,33	2,71	6,04	3,33	2,71	6,04	3,33	2,71	6,04
I - PG	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont : APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont : autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II - CC	8,31	4,94	13,25	1,32	0,49	1,81	0,18	0,50	0,68	0,62	0,30	0,92	0,44	0,28	0,72	0,94	0,51	1,45	0,86	0,26	1,12	0,13	0,38	0,51	3,33	2,71	6,04	3,33	2,71	6,04	3,33	2,71	6,04
FINLANDE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
I - PG	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont : APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont : autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II - CC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FRANCE	8,49	1,39	9,88	0,88	0,34	1,22	0,08	0,02	0,10	0,06	-	0,06	0,35	0,13	0,48	0,45	0,15	0,60	0,45	0,14	0,59	0,45	0,13	0,58	5,43	0,82	6,25	5,43	0,82	6,25	5,43	0,82	6,25
I - PG	7,74	1,39	9,13	0,23	0,30	0,53	0,08	0,02	0,10	-	-	-	0,35	0,13	0,48	0,45	0,15	0,60	0,45	0,14	0,59	0,45	0,13	0,58	5,43	0,82	6,25	5,43	0,82	6,25	5,43	0,82	6,25
dont : APD	7,74	1,39	9,13	0,23	0,30	0,53	0,08	0,02	0,10	-	-	-	0,35	0,13	0,48	0,45	0,15	0,60	0,45	0,14	0,59	0,45	0,13	0,58	5,43	0,82	6,25	5,43	0,82	6,25	5,43	0,82	6,25
dont : autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II - CC	0,75	-	0,75	0,65	0,04	0,69	-	-	-	0,06	-	0,06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ISRAEL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
I - PG	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont : APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont : autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II - CC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

FEVRIER 1995

DETTE EXTERIEURE DE LA BOLIVIE

TABLEAU A

ECHÉANCES CONTRACTUELLES RELATIVES AUX PRETS GOUVERNEMENTAUX ET AUX CREDITS COMMERCIAUX GARANTIS D'UNE DUREE SUPERIEURE A UN AN NON PRECEDEMMENT CONSOLIDEES  
 CONCLUS AVANT LA DATE BUTOIR  
 DONNEES DES PAYS CREANCIERS  
 SECTEUR PUBLIC  
 DATE BUTOIR : 31 décembre 1985

. PRETS GOUVERNEMENTAUX  
 . CREDITS COMMERCIAUX  
 22/02/1995

(EN MILLIONS US \$ AU COURS DU 31 DECEMBRE 1994)

PAYS	ENCOURS au 31/12/1994			DONT ARRIERES au 31/12/1994			ECHÉANCES DUES du 1/01/1995 au 31/03/1995			ECHÉANCES DUES du 1/04/1995 AU 30/06/1995			ECHÉANCES DUES du 1/07/1995 au 31/12/1995			ECHÉANCES DUES en 1996			ECHÉANCES DUES en 1997			ECHÉANCES DUES en 1998			ECHÉANCES DUES en 1999 et au-delà								
	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T			
ITALIE	0,18	0,01	0,19	0,06	0,01	0,06	0,06	0,00	0,06	0,06	0,00	0,06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
I - PG	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont : APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont : autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II - CC	0,18	0,01	0,19	0,06	0,01	0,06	0,06	0,00	0,06	0,06	0,00	0,06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
JAPON	190,51	49,36	239,87	6,89	3,36	10,25	3,03	1,94	4,97	3,95	1,28	5,23	6,98	3,15	10,13	13,97	5,88	19,85	13,97	5,35	19,32	13,97	4,83	18,80	124,39	26,93	151,32	124,39	26,93	151,32	124,39	26,93	151,32
I - PG	190,51	49,36	239,87	6,89	3,36	10,25	3,03	1,94	4,97	3,95	1,28	5,23	6,98	3,15	10,13	13,97	5,88	19,85	13,97	5,35	19,32	13,97	4,83	18,80	124,39	26,93	151,32	124,39	26,93	151,32	124,39	26,93	151,32
dont : APD	190,51	49,36	239,87	6,89	3,36	10,25	3,03	1,94	4,97	3,95	1,28	5,23	6,98	3,15	10,13	13,97	5,88	19,85	13,97	5,35	19,32	13,97	4,83	18,80	124,39	26,93	151,32	124,39	26,93	151,32	124,39	26,93	151,32
dont : autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II - CC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PAYS-BAS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
I - PG	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont : APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont : autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II - CC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ROYAUME-UNI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
I - PG	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont : APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont : autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II - CC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SUEDE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
I - PG	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont : APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont : autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II - CC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SUISSE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
I - PG	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont : APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont : autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II - CC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	399,37	64,97	374,34	17,37	5,99	22,95	3,35	2,46	5,81	8,08	2,25	10,33	11,86	4,20	16,06	22,86	7,75	30,61	22,77	6,85	29,62	22,05	6,33	28,38	195,45	35,12	230,57	195,45	35,12	230,57	195,45	35,12	230,57
I - PG	298,85	60,02	358,87	14,09	5,02	19,11	3,11	1,96	5,07	7,34	1,95	9,29	11,42	3,92	15,34	21,92	7,24	29,16	21,91	6,59	28,50	21,92	5,95	27,87	192,12	32,41	224,53	192,12	32,41	224,53	192,12	32,41	224,53
dont : APD	298,85	60,02	358,87	14,09	5,02	19,11	3,11	1,96	5,07	7,34	1,95	9,29	11,42	3,92	15,34	21,92	7,24	29,16	21,91	6,59	28,50	21,92	5,95	27,87	192,12	32,41	224,53	192,12	32,41	224,53	192,12	32,41	224,53
dont : autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II - CC	10,52	4,95	15,47	3,28	0,97	3,84	0,24	0,50	0,74	0,74	0,30	1,04	0,44	0,28	0,72	0,94	0,51	1,45	0,86	0,26	1,12	0,13	0,38	0,51	3,33	2,71	6,04	3,33	2,71	6,04	3,33	2,71	6,04





FEVRIER 1995

DETTE EXTERIEURE DE LA BOLIVIE

TABLEAU B

ECHÉANCES CONTRACTUELLES RELATIVES AUX PRETS GOUVERNEMENTAUX ET AUX CREDITS COMMERCIAUX GARANTIS D'UNE DUREE SUPERIEURE A UN AN NON PRECEDEMMENT CONSOLIDEES  
 CONCLUS APRES LA DATE BUTOIR  
 DONNEES DES PAYS CREANCIERS  
 SECTEUR PUBLIC  
 DATE BUTOIR : 31 décembre 1985

. PRETS GOUVERNEMENTAUX  
 . CREDITS COMMERCIAUX  
 22/03/1995

(EN MILLIONS US \$ AU COURS DU 31 DECEMBRE 1994)

PAYS	ENCOURS au 31/12/1994			DONT ARRIERES au 31/12/1994			ECHÉANCES DUES du 1/01/1995 au 31/03/1995			ECHÉANCES DUES du 1/04/1995 AU 30/06/1995			ECHÉANCES DUES du 1/07/1995 au 31/12/1995			ECHÉANCES DUES en 1996			ECHÉANCES DUES en 1996			ECHÉANCES DUES en 1996 et au-delà					
	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T			
ALLEMAGNE	292,41	61,59	354,00	-	-	-	-	-	-	1,38	1,38	6,09	2,65	8,74	0,53	2,76	3,29	1,42	3,49	4,91	2,30	3,46	5,78	282,07	47,85	329,92	
AUTRICHE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
BELGIQUE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
DANEMARK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ESPAGNE	85,26	40,40	125,66	-	-	-	0,18	0,18	0,26	1,71	1,97	0,82	1,92	2,74	1,62	3,75	5,37	1,62	3,70	5,32	1,62	3,66	5,27	79,32	25,49	104,81	
ETATS-UNIS	18,15	6,36	24,51	-	-	-	0,49	0,20	0,69	0,49	0,40	0,89	0,98	0,24	1,22	0,49	0,39	0,88	0,62	0,43	1,05	0,76	0,46	1,22	14,32	4,24	18,56
FINLANDE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
FRANCE	12,96	3,79	16,75	-	0,23	0,23	-	0,13	0,13	-	0,12	0,12	-	0,20	0,20	-	0,45	0,45	0,57	0,44	1,01	0,89	0,42	1,31	11,27	2,03	13,30
ISRAEL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ITALIE	59,30	9,24	68,54	0,00	0,00	-	0,17	0,17	-	0,27	0,27	-	0,44	0,44	-	0,90	0,90	-	0,90	0,90	1,90	0,88	2,78	57,40	5,68	63,08	
JAPON	96,93	72,12	169,05	-	-	-	1,23	1,23	-	1,32	1,32	-	2,58	2,58	-	5,19	5,19	-	5,18	5,18	-	5,18	5,18	96,93	51,44	148,37	
PAYS-BAS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ROYAUME-UNI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
SUEDE	2,87	0,63	3,50	0,38	0,15	0,53	0,18	0,04	0,22	0,25	0,07	0,32	0,38	0,11	0,49	0,75	0,21	0,96	0,55	0,15	0,70	0,23	0,05	0,26	-	-	-
SUISSE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL</b>	<b>567,88</b>	<b>194,13</b>	<b>762,01</b>	<b>0,38</b>	<b>0,38</b>	<b>0,76</b>	<b>0,67</b>	<b>1,95</b>	<b>2,62</b>	<b>1,00</b>	<b>5,27</b>	<b>6,27</b>	<b>8,27</b>	<b>8,14</b>	<b>16,41</b>	<b>3,39</b>	<b>13,65</b>	<b>17,04</b>	<b>4,78</b>	<b>14,29</b>	<b>19,07</b>	<b>7,70</b>	<b>14,10</b>	<b>21,80</b>	<b>541,31</b>	<b>136,73</b>	<b>678,04</b>



FEVRIER 1995

**DETTE EXTERIEURE DE LA BOLIVIE**

TABLEAU B BIS

ECHEANCES CONTRACTUELLES RELATIVES AUX PRETS GOUVERNEMENTAUX ET AUX CREDITS COMMERCIAUX GARANTIS D'UNE DUREE SUPERIEURE A UN AN NON PRECEDEMMENT CONSOLIDEES  
CONCLUS APRES LA DATE BUTOIR  
DONNEES DES PAYS CREANCIERS  
SECTEUR PRIVE  
DATE BUTOIR : 31 décembre 1985

**AUCUN PAYS CREANCIER N' A DECLARE AVOIR DE CREANCES POST DATE BUTOIR SUR LE SECTEUR PRIVE**

## DETTE EXTERIEURE DE LA BOLIVIE

TABLEAU C

CREDITS PRECEDEMMENT CONSOLIDES

DONNEES DES PAYS CREANCIERS

DATE BUTOIR : 31 décembre 1985

CP 1 : 18/07/86 ; CP 2 : 14/11/1988 ; CP 3 : 15/03/1990 ; CP 4 : 24/01/1992

(EN MILLIONS US \$ AU COURS DU 31 DECEMBRE 1994)

PAYS	ENCOURS			DONT ARRIERES			ECHÉANCES DUES			ECHÉANCES DUES			ECHÉANCES DUES			ECHÉANCES DUES			ECHÉANCES DUES			ECHÉANCES DUES						
	au 31/12/1994			au 31/12/1994			au 31/03/1995			au 1/04/1995			au 1/07/1995			en 1996			en 1997			en 1998						
	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	
ALLEMAGNE	119,29	60,59	179,88	7,13	1,37	8,50	0,51	0,67	1,18	3,57	2,00	5,57	8,11	2,57	10,68	11,26	4,59	15,85	8,05	4,10	12,15	8,05	3,73	11,78	71,24	42,93	114,17	
CP1	17,65	0,49	18,14	7,13	0,68	7,81	-	-	-	3,57	0,24	3,81	3,57	0,15	3,72	2,70	0,10	2,80	-	-	-	-	-	-	-	-	-	
dont APD	7,16	0,10	7,26	2,95	0,16	3,11	-	-	-	1,48	0,05	1,53	1,49	0,03	1,51	1,09	0,02	1,11	-	-	-	-	-	-	-	-	-	
dont autres	10,49	0,39	10,88	4,18	0,52	4,70	-	-	-	2,09	0,19	2,28	2,09	0,12	2,21	1,61	0,08	1,69	-	-	-	-	-	-	-	-	-	
CP2	32,90	4,11	37,01	-	0,69	0,69	-	-	-	-	0,75	0,75	4,03	0,75	4,78	8,05	1,21	9,26	8,05	0,84	8,89	8,05	0,47	8,52	4,03	0,09	4,12	
dont APD	15,88	0,98	16,86	-	0,12	0,12	-	-	-	-	0,18	0,18	1,97	0,18	2,15	3,94	0,29	4,23	3,94	0,20	4,14	3,94	0,11	4,05	1,97	0,02	1,99	
dont autres	17,02	3,13	20,15	-	0,57	0,57	-	-	-	-	0,57	0,57	2,06	0,57	2,63	4,11	0,92	5,03	4,11	0,64	4,75	4,11	0,36	4,47	2,06	0,07	2,13	
CP3	57,03	31,95	88,98	-	-	-	-	-	-	-	1,01	1,01	-	1,01	1,01	-	2,03	2,03	-	2,03	2,03	-	2,03	2,03	37,03	23,84	60,87	
dont APD	19,04	6,74	25,78	-	-	-	-	-	-	-	0,21	0,21	-	0,21	0,21	-	0,43	0,43	-	0,43	0,43	-	0,43	0,43	19,04	5,03	24,07	
dont autres	17,99	25,21	43,20	-	-	-	-	-	-	-	0,80	0,80	-	0,80	0,80	-	1,60	1,60	-	1,60	1,60	-	1,60	1,60	17,99	18,81	36,80	
CP4	31,71	24,04	55,75	-	-	-	0,51	0,67	1,18	-	-	-	-	0,51	0,66	1,17	0,51	1,25	1,76	1,23	1,23	-	1,23	1,23	30,18	19,00	49,18	
dont APD	20,87	10,94	31,81	-	-	-	0,11	0,24	0,35	-	-	-	-	0,24	0,24	-	0,47	0,47	-	0,47	0,47	-	0,47	0,47	20,76	9,05	29,81	
dont autres	9,42	13,01	22,43	-	-	-	-	0,38	0,38	-	-	-	-	0,39	0,39	-	0,77	0,77	-	0,76	0,76	-	0,76	0,76	9,42	9,95	19,37	
dont différés III-B a)	1,42	0,09	1,51	-	-	-	0,40	0,05	0,45	-	-	-	-	0,51	0,03	0,54	0,51	0,01	0,52	-	-	-	-	-	-	-	-	-
AUTRICHE	83,58	11,39	94,97	8,79	1,37	10,16	0,55	0,63	1,18	4,41	0,73	5,14	8,33	1,02	7,35	4,95	1,83	6,78	3,76	1,56	5,32	3,76	1,29	5,05	49,66	4,33	53,99	
CP1	19,81	0,64	20,25	8,79	0,73	9,52	-	0,18	0,18	4,41	0,18	4,59	4,40	0,19	4,59	1,28	0,09	1,37	-	-	-	-	-	-	-	-	-	
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
dont autres	19,81	0,64	20,25	8,79	0,73	9,52	-	0,18	0,18	4,41	0,18	4,59	4,40	0,19	4,59	1,28	0,09	1,37	-	-	-	-	-	-	-	-	-	
CP2	13,21	2,67	15,88	-	0,64	0,64	-	0,18	0,18	-	0,28	0,28	1,56	0,46	2,02	3,12	0,83	3,95	3,12	0,55	3,67	3,12	0,28	3,40	1,65	0,09	1,74	
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
dont autres	13,21	2,67	15,88	-	0,64	0,64	-	0,18	0,18	-	0,28	0,28	1,56	0,46	2,02	3,12	0,83	3,95	3,12	0,55	3,67	3,12	0,28	3,40	1,65	0,09	1,74	
CP3	25,52	5,68	31,20	-	-	-	-	0,18	0,18	-	0,18	0,18	-	0,36	0,36	-	0,73	0,73	-	0,83	0,83	-	0,83	0,83	25,52	2,57	28,09	
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
dont autres	25,52	5,68	31,20	-	-	-	-	0,18	0,18	-	0,18	0,18	-	0,36	0,36	-	0,73	0,73	-	0,83	0,83	-	0,83	0,83	25,52	2,57	28,09	
CP4	25,24	2,40	27,64	-	-	-	0,55	0,09	0,64	-	0,09	0,09	0,37	0,01	0,38	0,55	0,18	0,73	0,64	0,18	0,82	0,64	0,18	0,82	22,49	1,67	24,16	
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
dont autres	24,13	2,37	26,50	-	-	-	0,18	0,08	0,26	-	0,08	0,08	-	0,37	0,37	0,55	0,18	0,73	0,64	0,18	0,82	0,64	0,18	0,82	22,49	1,67	24,16	
dont différés III-B a)	1,11	0,03	1,14	-	-	-	0,37	0,01	0,38	-	0,01	0,01	0,37	0,01	0,38	0,37	0,18	0,55	0,64	0,18	0,82	0,64	0,18	0,82	22,49	1,67	24,16	
BELGIQUE	144,80	104,30	249,10	7,20	5,30	12,50	1,60	0,60	2,20	3,60	4,10	7,70	9,80	4,90	14,70	13,20	8,30	21,50	9,80	7,50	17,30	9,80	7,00	16,80	84,50	71,90	156,40	
CP1	17,50	0,90	18,40	7,20	1,00	8,20	-	-	-	3,60	0,50	4,10	3,60	0,30	3,90	2,10	0,10	2,20	-	-	-	-	-	-	-	-	-	
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
dont autres	17,50	0,90	18,40	7,20	1,00	8,20	-	-	-	3,60	0,50	4,10	3,60	0,30	3,90	2,10	0,10	2,20	-	-	-	-	-	-	-	-	-	
CP2	39,00	6,20	45,20	-	2,50	2,50	-	-	-	-	0,90	0,90	4,60	1,30	5,90	9,10	1,80	11,00	9,10	1,30	10,40	9,10	0,70	9,80	4,60	0,10	4,70	
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
dont autres	39,00	6,20	45,20	-	2,50	2,50	-	-	-	-	0,90	0,90	4,60	1,30	5,90	9,10	1,80	11,00	9,10	1,30	10,40	9,10	0,70	9,80	4,60	0,10	4,70	
CP3	56,20	86,10	142,30	-	1,80	1,80	-	-	-	-	2,70	2,70	-	2,90	2,80	-	5,60	5,60	-	5,60	5,60	-	5,60	5,60	54,40	63,80	118,20	
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
dont autres	56,20	86,10	142,30	-	1,80	1,80	-	-	-	-	2,70	2,70	-	2,90	2,80	-	5,60	5,60	-	5,60	5,60	-	5,60	5,60	54,40	63,80	118,20	
CP4	32,10	11,10	43,20	-	-	-	1,60	0,60	2,20	-	-	-	1,60	0,50	2,10	2,00	0,70	2,70	0,70	0,60	1,30	0,70	0,70	1,40	25,50	8,00	33,50	
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
dont autres	28,14	10,85	38,99	-	-	-	1,60	0,60	2,20	-	-	-	1,60	0,50	2,10	2,00	0,70	2,70	0,70	0,60	1,30	0,70	0,70	1,40	25,50	8,00	33,50	
dont différés III-B a)	3,96	0,25	4,21	-	-	-	0,28	0,47	0,75	-	-	-	0,28	0,42	0,70	0,68	0,66	1,34	0,70	0,60	1,30	0,70	0,70	1,40	25,50	8,00	33,50	
DANEMARK	1,80	0,33	2,13	-	-	-	-	-	-	0,22	0,04	0,26	0,22	0,03	0,25	-	0,04	0,04	-	0,04	0,04	-	0,04	0,04	1,35	0,14	1,49	
CP1	0,45	0,02	0,47	-	-	-	-	-	-	0,22	0,02	0,24	0,22	0,01	0,23	-	-	-	-	-	-	-	-	-	-	-	-	
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
dont autres	0,45	0,02	0,47	-	-	-	-	-	-	0,22	0,02	0,24	0,22	0,01	0,23	-	-	-	-	-	-	-	-	-	-	-	-	
CP2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
dont autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
CP3	1,35	0,31	1,66	-	-	-	-	-	-	-	0,02	0,02	-	0,02	0,02	-	0,04	0,04	-	0,04	0,04	-	0,04	0,04	1,35	0,14	1,49	
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
dont autres	1,35	0,31	1,66	-	-	-	-	-	-	-	0,02	0,02	-	0,02	0,02	-	0,04	0,04	-	0,04	0,04	-	0,04	0,04	1,35	0,14	1,49	
CP4	-	-																										







DETTE EXTERIEURE DE LA BOLIVIE

TABEAU C  
CREDITS PRECEDEMMENT CONSOLIDES  
DONNEES DES PAYS CREANCIERS  
DATE BUTOIR : 31 décembre 1985

CP 1 : 18/07/86 ; CP 2 : 14/11/1988 ; CP 3 : 15/03/1990 ; CP 4 : 24/01/1992

(EN MILLIONS US \$ AU COURS DU 31 DECEMBRE 1994)

PAYS	ENCOURS			DONT ARRIERES			ECHÉANCES DUES			ECHÉANCES DUES			ECHÉANCES DUES			ECHÉANCES DUES			ECHÉANCES DUES			ECHÉANCES DUES					
	au 31/12/1994			au 31/12/1984			du 1/01/1995			du 1/04/1995			du 1/07/1995			en 1995			en 1997			en 1999					
	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T
ISRAEL	0,30	0,10	0,40	-	-	-	-	-	-	0,10	0,10	0,20	0,20	-	0,20	-	-	-	-	-	-	-	-	-	-	-	-
CP1	0,30	0,10	0,40	-	-	-	-	-	-	0,10	0,10	0,20	0,20	-	0,20	-	-	-	-	-	-	-	-	-	-	-	-
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	0,30	0,10	0,40	-	-	-	-	-	-	0,10	0,10	0,20	0,20	-	0,20	-	-	-	-	-	-	-	-	-	-	-	-
CP2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CP3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CP4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont différés III-B a)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ITALIE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CP1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CP2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CP3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CP4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont différés III-B a)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
JAPON	171,49	96,83	288,32	8,54	2,43	10,97	1,26	1,96	3,22	4,34	3,01	7,35	13,78	4,22	18,00	23,14	7,65	30,79	17,02	6,63	23,65	17,07	5,84	22,91	145,87	67,52	213,39
CP1	23,29	0,79	24,08	8,54	0,89	9,43	-	-	-	4,34	0,35	4,69	4,34	0,24	4,58	5,18	0,20	5,38	-	-	-	-	-	-	-	-	-
dont APD	12,64	0,33	12,97	4,50	0,35	4,85	-	-	-	2,29	0,14	2,43	2,29	0,10	2,39	3,21	0,09	3,30	-	-	-	-	-	-	-	-	-
dont autres	10,65	0,46	11,11	4,04	0,54	4,58	-	-	-	2,05	0,21	2,26	2,05	0,14	2,19	1,97	0,11	2,08	-	-	-	-	-	-	-	-	-
CP2	57,85	8,52	76,37	-	1,54	1,54	-	-	-	-	1,54	1,54	8,28	1,56	9,84	16,58	2,53	19,11	16,58	1,74	18,32	16,59	0,95	17,55	8,28	0,19	8,47
dont APD	44,30	4,42	48,72	-	0,80	0,80	-	-	-	-	0,80	0,80	5,43	0,81	6,24	10,88	1,31	12,19	10,88	0,90	11,78	10,88	0,50	11,38	5,43	0,10	5,53
dont autres	23,55	4,10	27,65	-	0,74	0,74	-	-	-	-	0,74	0,74	2,85	0,75	3,60	5,70	1,22	6,92	5,70	0,84	6,54	5,71	0,46	6,17	2,85	0,09	2,94
CP3	55,27	28,77	88,04	-	-	-	-	-	-	-	1,12	1,12	-	1,14	1,14	-	2,27	2,27	-	2,27	2,27	-	2,27	2,27	59,27	19,70	78,97
dont APD	39,22	22,85	62,07	-	-	-	-	-	-	-	0,72	0,72	-	0,73	0,73	-	1,45	1,45	-	1,45	1,45	-	1,45	1,45	39,22	17,05	56,27
dont autres	20,05	5,92	25,97	-	-	-	-	-	-	-	0,40	0,40	-	0,41	0,41	-	0,82	0,82	-	0,82	0,82	-	0,82	0,82	20,05	2,65	22,70
CP4	21,08	56,75	79,83	-	-	-	1,26	1,98	3,22	-	-	-	1,16	1,28	2,44	1,38	2,65	4,03	0,44	2,62	3,06	0,48	2,61	3,09	78,32	47,83	125,95
dont APD	-	54,07	54,07	-	-	-	-	1,67	1,67	-	-	-	-	1,06	1,06	-	2,30	2,30	-	2,30	2,30	-	2,30	2,30	51,96	44,44	106,40
dont autres	18,77	4,58	23,33	-	-	-	0,49	0,23	0,72	-	-	-	0,39	0,18	0,57	0,61	0,33	0,94	0,44	0,32	0,76	0,48	0,31	0,79	16,36	3,19	19,55
dont différés III-B a)	2,31	0,12	2,43	-	-	-	0,77	0,06	0,83	-	-	-	0,77	0,04	0,81	0,77	0,02	0,79	-	-	-	-	-	-	-	-	-
PAYS-BAS	58,00	31,00	89,00	8,60	1,40	10,00	0,40	0,50	0,90	4,30	1,40	5,70	5,90	1,70	7,60	4,10	2,90	7,00	2,50	2,70	5,20	2,50	2,50	5,00	28,30	19,30	47,60
CP1	19,50	0,50	20,00	8,60	1,10	9,70	-	-	-	4,30	0,30	4,60	4,30	0,20	4,50	1,20	-	1,20	-	-	-	-	-	-	-	-	-
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	19,50	0,50	20,00	8,60	1,10	9,70	-	-	-	4,30	0,30	4,60	4,30	0,20	4,50	1,20	-	1,20	-	-	-	-	-	-	-	-	-
CP2	10,20	1,90	12,10	-	0,30	0,30	-	-	-	-	0,40	0,40	1,20	0,30	1,50	2,50	0,60	3,10	2,50	0,40	2,90	2,50	0,20	2,70	1,20	-	1,20
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	10,20	1,90	12,10	-	0,30	0,30	-	-	-	-	0,40	0,40	1,20	0,30	1,50	2,50	0,60	3,10	2,50	0,40	2,90	2,50	0,20	2,70	1,20	-	1,20
CP3	4,90	9,70	24,60	-	-	-	-	-	-	-	0,70	0,70	-	0,70	0,70	2,50	0,80	3,30	2,50	0,40	2,90	2,50	0,20	2,70	1,20	-	1,20
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	4,90	9,70	24,60	-	-	-	-	-	-	-	0,70	0,70	-	0,70	0,70	2,50	0,80	3,30	2,50	0,40	2,90	2,50	0,20	2,70	1,20	-	1,20
CP4	13,40	18,90	32,30	-	-	-	0,40	0,50	0,90	-	-	-	0,40	0,50	0,90	0,40	1,30	1,30	-	1,30	1,30	-	1,30	1,30	14,90	4,40	19,30
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	12,20	18,90	31,10	-	-	-	0,40	0,50	0,90	-	-	-	0,40	0,50	0,90	0,40	1,30	1,30	-	1,30	1,30	-	1,30	1,30	12,20	14,90	27,10
dont différés III-B a)	1,20	-	1,20	-	-	-	0,40	-	0,40	-	-	-	-	-	-	-	1,00	1,00	-	1,00	1,00	-	1,00	1,00	12,20	14,90	27,10



DETTE EXTERIEURE DE LA BOLIVIE

TABLEAU C  
CREDITS PRECEDEMMENT CONSOLIDES  
DONNEES DES PAYS CREANCIERS  
DATE BUTOIR : 31 décembre 1985

CP 1 : 18/07/86 ; CP 2 : 14/11/1988 ; CP 3 : 15/03/1990 ; CP 4 : 24/01/1992

(EN MILLIONS US \$ AU COURS DU 31 DECEMBRE 1994)

PAYS	ENCOURS			DONT ARRIERES			ECHANES DUES			ECHANES DUES			ECHANES DUES			ECHANES DUES			ECHANES DUES			ECHANES DUES			ECHANES DUES					
	au 31/12/1994			au 31/12/1994			du 1/01/1985 au 31/03/1995			du 1/04/1995 AU 30/09/1995			du 1/07/1995 au 31/12/1995			DUES en 1996			DUES en 1997			DUES en 1998			DUES en 1999 et au-delà					
	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T
ROYAUME-UNI	76,47	20,40	96,87	7,50	1,48	8,98	0,24	0,27	0,51	3,70	1,79	5,49	5,70	1,45	7,15	4,72	2,31	7,03	3,54	2,01	5,55	3,54	1,69	5,23	46,06	10,88	56,94			
CP1	16,52	0,87	17,39	7,40	0,79	8,19	-	-	-	3,70	0,64	4,34	3,69	0,19	3,88	0,94	0,04	0,98	-	-	-	-	-	-	-	-	-	-	-	-
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	16,52	0,87	17,39	7,40	0,79	8,19	-	-	-	3,70	0,64	4,34	3,69	0,19	3,88	0,94	0,04	0,98	-	-	-	-	-	-	-	-	-	-	-	-
CP2	14,56	3,16	17,72	-	0,40	0,40	-	-	-	-	0,57	0,57	1,77	0,57	2,34	3,54	0,93	4,47	3,54	0,67	4,21	3,54	0,35	3,89	1,77	0,07	1,84			
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	14,56	3,16	17,72	-	0,40	0,40	-	-	-	-	0,57	0,57	1,77	0,57	2,34	3,54	0,93	4,47	3,54	0,67	4,21	3,54	0,35	3,89	1,77	0,07	1,84			
CP3	24,56	4,84	29,40	-	0,26	0,26	-	-	-	-	0,56	0,56	-	0,31	0,31	-	0,62	0,62	-	0,62	0,62	-	0,62	0,62	24,30	2,11	26,41			
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	24,56	4,84	29,40	-	0,26	0,26	-	-	-	-	0,56	0,56	-	0,31	0,31	-	0,62	0,62	-	0,62	0,62	-	0,62	0,62	24,30	2,11	26,41			
CP4	20,83	11,53	32,36	0,10	0,03	0,13	0,24	0,27	0,51	-	0,02	0,02	0,24	0,36	0,62	0,24	0,72	0,96	-	0,72	0,72	-	0,72	0,72	-	-	-			
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	19,99	11,48	31,47	0,10	0,03	0,13	0,24	0,27	0,51	-	0,02	0,02	0,24	0,36	0,62	0,24	0,72	0,96	-	0,72	0,72	-	0,72	0,72	-	-	-	-	-	-
dont différés III-B a)	0,84	0,05	0,89	-	-	-	-	-	-	-	0,26	0,26	-	-	-	-	0,72	0,72	-	0,72	0,72	-	0,72	0,72	-	-	-	-	-	-
SUEDE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CP1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CP2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CP3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CP4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont différés III-B a)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SUISSE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CP1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CP2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CP3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CP4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont APD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont autres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
dont différés III-B a)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	752,17	379,08	1131,24	56,39	16,53	72,92	7,37	6,60	13,97	29,30	16,05	45,36	59,69	19,37	79,07	77,81	36,50	114,31	55,50	32,14	87,64	55,55	28,92	84,47	501,53	253,85	755,38			
CP1	131,53	5,22	136,81	56,28	6,24	62,52	2,05	0,60	2,65	29,30	2,69	31,99	27,79	1,46	29,27	18,25	0,88	19,13	-	-	-	-	-	-	-	-	-			
dont APD	20,16	0,43	20,59	7,59	0,51	8,10	-	-	-	3,84	0,19	4,03	3,84	0,13	3,97	4,38	0,11	4,49	-	-	-	-	-	-	-	-	-			
dont autres	111,43	4,79	116,22	48,69	5,73	54,42	2,05	0,60	2,65	25,46	2,50	27,96	23,95	1,35	25,30	13,87	0,77	14,64	-	-	-	-	-	-	-	-	-			
CP2	201,05	32,56	233,61	-	7,91	7,91	-	0,62	0,62	-	5,60	5,60	26,86	6,56	33,42	53,72	10,77	64,49	53,72	7,42	61,14	53,73	4,12	57,85	26,95	0,79	27,74			
dont APD	61,29	5,50	66,79	-	0,94	0,94	-	0,01	0,01	-	0,99	0,99	7,54	1,01	8,55	15,09	1,63	16,72	15,09	1,12	16,21	15,09	0,82	15,71	7,54	0,12	7,66			
dont autres	139,76	27,06	166,82	-	6,97	6,97	-	0,61	0,61	-	4,61	4,61	19,32	5,55	24,87	38,63	9,14	47,77	38,63	6,30	44,93	38,64	3,50	42,14	19,41	0,67	20,08			
CP3	259,70	199,15	458,85	-	2,32	2,32	-	0,96	0,96	-	7,39	7,39	-	7,39	7,39	-	16,15	16,15	-	16,24	16,24	-	16,24	16,24	257,38	134,77	392,15			
dont APD	58,88	29,88	88,74	-	-	-	-	-	-	-	0,93	0,93	-	0,95	0,95	-	1,90	1,90	-	1,90	1,90	-	1,90	1,90	58,88	22,28	81,16			
dont autres	200,82	169,29	370,11	-	2,32	2,32	-	0,96	0,96	-	6,46	6,46	-	6,44	6,44	-	14,25	14,25	-	14,34	14,34	-	14,34	14,34	198,50	112,49	310,99			
CP4	159,83	142,14	301,98	0,11	0,08	0,17	5,32	4,42	9,74	-	0,38	0,38	5,04	3,95	8,98	5,84	7,9	14,54	1,78	8,48	10,26	1,82	8,56	10,38	217,20	118,29	335,49			
dont APD	21,71	65,52	87,23	-	-	-	-	0,11	1,92	-	0,01	0,01	-	1,32	1,32	-	7,9	14,54	-	2,79	2,79	-	2,79	2,79	83,56	53,90	137,46			
dont autres	124,96	75,69	200,66	0,11	0,08	0,17	5,32	4,26	7,82	-	0,37	0,37	5,04	2,63	7,66	4,53	0,19	4,69	1,78	5										

FEVRIER 1995

DETTE EXTERIEURE DE LA BOLIVIE

TABLEAU D

ECHEANCES CONTRACTUELLES RELATIVES AUX CREDITS COMMERCIAUX  
GARANTIS A COURT TERME D'UNE DUREE INFERIEURE OU EGALE A UN AN  
DONNEES DES PAYS CREANCIERS  
SECTEUR PUBLIC  
DATE BUTOIR : 31 décembre 1995

.PRETS GOUVERNEMENTAUX  
.CREDITS COMMERCIAUX  
TOTAL

(EN MILLIONS US \$ AU COURS DU 31 DECEMBRE 1994)

PAYS	ENCOURS au 31/12/1994			DONT ARRIERES au 31/12/1994			ECHEANCES DUES du 1/01/1995 au 31/03/1995			ECHEANCES DUES du 1/04/1995 AU 30/06/1995			ECHEANCES DUES du 1/07/1995 au 31/12/1995			ECHEANCES DUES en 1996			ECHEANCES DUES en 1997			ECHEANCES DUES en 1998			ECHEANCES DUES en 1999 (et au-delà)					
	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T			
ALLEMAGNE	0,06	-	0,06	0,06	-	0,06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AUTRICHE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BELGIQUE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DANEMARK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ESPAGNE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ETATS-UNIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FINLANDE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FRANCE	0,04	-	0,04	0,04	-	0,04	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ISRAEL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ITALIE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
JAPON	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PAYS-BAS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ROYAUME-UNI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SUEDE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SUISSE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	0,10	-	0,10	0,10	-	0,10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



FEVRIER 1995

DETTE EXTERIEURE DE LA BOLIVIE

TABLEAU D BIS

ECHÉANCES CONTRACTUELLES RELATIVES AUX CREDITS COMMERCIAUX  
GARANTIS A COURT TERME D'UNE DUREE INFÉRIEURE OU EGALE A UN AN  
DONNÉES DES PAYS CRÉANCIERS  
SECTEUR PRIVE

DATE BUTOIR : 31 décembre 1995

PRETS GOUVERNEMENTAUX  
CREDITS COMMERCIAUX

(EN MILLIONS US \$ AU COURS DU 31 DECEMBRE 1994)

PAYS	ENCOURS au 31/12/1994			DONT ARRÉRÉS au 31/12/1994			ECHÉANCES DUES au 1/01/1995 au 31/03/1995			ECHÉANCES DUES du 1/04/1995 AU 30/06/1995			ECHÉANCES DUES du 1/07/1995 au 31/12/1995			ECHÉANCES DUES en 1996			ECHÉANCES DUES en 1996 of no-date			
	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	P	I	T	
ALLEMAGNE	0,03	-	0,03	0,03	-	0,03	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AUTRICHE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BELGIQUE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DANEMARK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ESPAGNE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ETATS-UNIS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FINLANDE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FRANCE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ISRAEL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ITALIE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
JAPON	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PAYS-BAS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ROYAUME-UNI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SUEDE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SUISSE	0,40	-	0,40	-	-	-	0,40	-	0,40	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	0,43	-	0,43	0,03	-	0,03	0,40	-	0,40	-	-	-	-	-	-	-	-	-	-	-	-	-

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

**I- PREAMBLE**

1. The representatives of the Governments of Austria, Belgium, Denmark, France, Germany, Italy, Japan, Kuwait, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom and the United States of America, hereinafter referred to as "Participating Creditor Countries", met in Paris on January 26, March 20 and 21, 1995 with representatives of the Government of the Republic of Croatia in order to examine the request to alleviate Croatia's external debt service obligations originating from the payment obligations of the former Socialist Federal Republic of Yugoslavia (SFRY). Observers of the Governments of Canada and Finland as well as the International Monetary Fund, the International Bank for Reconstruction and Development, the Secretariat of the UNCTAD, the Organization for Economic Cooperation and Development and the European Commission also attended.

2. The Delegation of the Republic of Croatia 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 and the International Bank for Reconstruction and Development described Croatia's economic situation and the major elements of the adjustment program adopted by the Government of the Republic of Croatia and supported by the stand-by arrangement with the International Monetary Fund approved by the Executive Board of the International Monetary Fund on October 14, 1994. This stand-by arrangement covering the period ending on April 13, 1996 involves specific commitments in both the economic and financial fields.

4. The representatives of the Governments of the Participating Creditor Countries noted the strong measures of adjustment in the economic and financial program adopted by the Government of the Republic of Croatia and stressed the importance they attach to the continued and full implementation of this program and, in particular, the revitalization of the productive sector of the economy. The Participating Creditor Countries consider that given the economic situation of the Republic of Croatia, successful implementation of the program supported by the stand-by arrangement with the International Monetary Fund will enable the Government of the Republic of Croatia to fully service its debt to the Participating Creditor Countries with no further treatment to be applied after the terms set forth herewith are implemented.

**II- RECOMMENDATIONS ON TERMS OF THE REORGANIZATION**

In view of the serious payment difficulties faced by the Republic of Croatia, 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 Croatia on the following terms :

**1. Debts concerned**

1.1 It is understood that under the present Agreed Minute the debt of the Republic of Croatia consists of :

- the debts of the former SFRY owed or guaranteed by entities located on Croatian territory, including Government entities or entities legally authorized to act on their behalf or banks when relevant ("allocated debt") :

A series of handwritten signatures and initials are present at the bottom of the page, including 'BM', 'M', 'A', 'S', 'W', 'B', and 'L'. Some of these appear to be initials or names of the representatives mentioned in the text.



- 28,49 % of the debts owed or guaranteed by the former SFRY and not immediately attributable to any successor Republic ("non allocated debt").

1.2 Debts due to the Participating Creditor Countries and not falling under the above definition of the allocated debt will also, when bilaterally agreed, be reorganized according to the present Agreed Minute if the final beneficiary of the loan or credit concerned is located on the territory of the Republic of Croatia.

1.3 If all signatories to the present Agreed Minute agree to a change in the percentage mentioned hereabove, it is understood that it would not affect payments already made pursuant to the present Agreed Minute.

1.4 It is understood that internal debt transfers within the former SFRY do not lead to any debtor -or guarantor- substitution : the original debtors and guarantors remain responsible according to their original commitments.

1.5 The debts, allocated or non allocated, 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, pursuant to a contract or other financial arrangement concluded before December 2, 1982 ;

b) loans from Governments or appropriate institutions of the Participating Creditor Countries, having an original maturity of more than one year, pursuant to an agreement concluded before December 2, 1982 ;

c) repayments of principal and interest due as a result of the consolidation agreements concluded according to the Agreed Minutes dated May 22, 1984, May 24, 1985, May 13, 1986 and July 13, 1988.

1.6 It is understood that debt service, due as a result of debts described above and effected through special payments mechanisms or other external accounts is included in the present reorganization. Creditors will reschedule, refinance, or take other appropriate measures to assure that this category of debt is treated in a manner comparable to other debt subject to this Agreed Minute.

1.7 For the implementation of the present Agreed Minute, debts owed or guaranteed by former socially-owned legal entities located on Croatian territory, regardless of their present ownership status, are included in the allocated debt.

## 2. Terms of the consolidation

The debt relief will apply as follows :

a) - 100% of the amounts of principal and interest (excluding late interest) due as at December 31, 1994 inclusive and not paid on loans and credits mentioned in paragraphs 1a), 1b) and 1c) above, will be rescheduled or refinanced ;

- 100% of the amounts of principal (excluding late interest), due from January 1, 1995 up to December 31, 1995 inclusive and not paid on loans and credits mentioned in paragraph 1c) above, will be rescheduled or refinanced.

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Repayment by the Government of the Republic of Croatia of the corresponding sums will be made as follows :

- 1,29 % on January 31, 1998 ;	- 1,46 % on July 31, 1998 ;
- 1,64 % on January 31, 1999 ;	- 1,82 % on July 31, 1999 ;
- 2,02 % on January 31, 2000 ;	- 2,22 % on July 31, 2000 ;
- 2,44 % on January 31, 2001 ;	- 2,66 % on July 31, 2001 ;
- 2,90 % on January 31, 2002 ;	- 3,15 % on July 31, 2002 ;
- 3,42 % on January 31, 2003 ;	- 3,69 % on July 31, 2003 ;
- 3,98 % on January 31, 2004 ;	- 4,28 % on July 31, 2004 ;
- 4,60 % on January 31, 2005 ;	- 4,93 % on July 31, 2005 ;
- 5,28 % on January 31, 2006 ;	- 5,65 % on July 31, 2006 ;
- 6,03 % on January 31, 2007 ;	- 6,43 % on July 31, 2007 ;
- 6,85 % on January 31, 2008 ;	- 7,29 % on July 31, 2008 ;
- 7,74 % on January 31, 2009 ;	- 8,23 % on July 31, 2009 ;

b) Late interest charges are those interest charges accruing between the contractual payment dates of principal and interest due and not paid, and a date to be fixed in the bilateral agreements concluded for the implementation of the present Agreed Minute.

### 3. Rate of interest

The rates and the conditions of interest on the financial arrangements covered by the present Agreed Minute will be determined bilaterally between the Government of the Republic of Croatia 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 Government of the Republic of Croatia commits itself to seek from its external creditors, in particular 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 Croatia will seek to secure, from each of its 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 Croatia 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 Croatia agrees that it will promptly negotiate rescheduling or refinancing arrangements with all other creditors on debts of a comparable term.

The Government of the Republic of Croatia will inform in writing the Chairman of the Paris Club not later than October 31, 1995 of the progress made for this purpose in negotiations with other creditors.

4. The provisions set forth in the present Agreed Minute do not apply to Creditor Countries with principal and interest falling due during the reorganization period on debts specified in Article II of less than SDR 1 000 000. 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, 1995.





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

4. The representatives of the Government of each of the Participating Creditor Countries and of the Government of the Republic of Croatia 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 March 21, 1995  
in two versions, English and French,  
both texts equally authentic.

The Chairman  
of the Paris Club

The Head of the Delegation  
of the Republic of Croatia

Delegation of Austria

Delegation of Denmark

Delegation of Belgium

Delegation of France

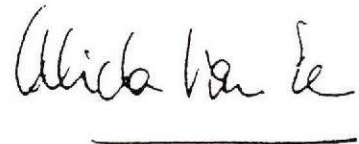
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Delegation of Germany



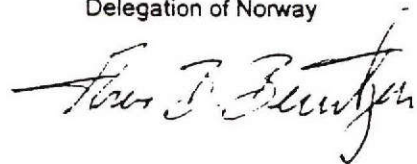
Delegation of the Netherlands



Delegation of Italy



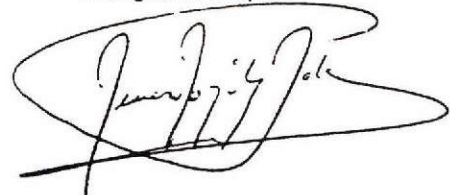
Delegation of Norway



Delegation of Japan



Delegation of Spain



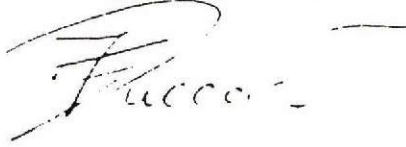
Delegation of Kuwait



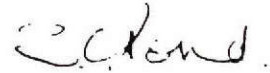
Delegation of Sweden



Delegation of Switzerland

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Delegation of the United Kingdom

A handwritten signature in cursive script, appearing to read 'C. Kent', with a horizontal line extending to the right from the end of the signature.

Delegation of the United States  
of America

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## P R E S S   R E L E A S E

Representatives of the Governments of Austria, Belgium, Denmark, France, Germany, Italy, Japan, Kuwait, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom and the United States of America, hereinafter referred to as "Participating Creditor Countries", met in Paris on March 21, 1995 with representatives of the Government of the Republic of Croatia in order to examine the request to alleviate Croatia's external debt service obligations originating from the payment obligations of the former Socialist Federal Republic of Yugoslavia (SFRY).

Observers of the Governments of Canada and Finland as well as the International Monetary Fund, the International Bank for Reconstruction and Development, the Secretariat of the UNCTAD, the Organization for Economic Cooperation and Development and the European Commission also attended.

Representatives of the Participating Creditor Countries welcomed the efforts at economic recovery undertaken by the Government of the Republic of Croatia. They also noted with satisfaction the implementation by this Government of a strong economic and financial program, supported by the stand-by arrangement with the International Monetary Fund approved by the Executive Board of the Fund on October 14, 1994. They thought it relevant to make a positive contribution to the improvement of this country's external payments prospects in order to facilitate the recovery of its economy. Representatives of the Participating Creditor Countries welcomed the determination expressed by the Republic of Croatia not to ask for any new reorganization of its external debt from 1996 onwards.

It is in this spirit that the representatives of the Participating Creditor Countries agreed to recommend to their respective Governments a major reorganization of the external debt of Croatia resulting from loans and guaranteed credits extended by Creditor Countries.

This reorganization applies to payments due on these debts. Repayment will be made by the Government of the Republic of Croatia over a 14 year period including a grace period of 2 years for debts rescheduled.

The delegation of the Government of the Republic of Croatia was headed by Mr Borislav ŠKEGRO, Vice Prime Minister. The meeting was chaired by Mr Bertrand de MAZIERES, Deputy Assistant Secretary at the Treasury of the French Ministry of Economy.

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

*The Chairman of the Paris Club*

PARIS, March 21, 1995

The representatives of the Paris Club creditor countries have taken note of your letter dated March 20, 1995 and of the concerns expressed by the Government of the Republic of Croatia. They emphasized that any future debt rescheduling of other successor states of the former SFRY would be based on a case-by-case assessment of financing needs in accordance with the rules of the Paris Club.

A handwritten signature in black ink, appearing to be 'B. J. ...', is written over the signature line.

**THE HEAD OF THE CROATIAN DELEGATION**





**REPUBLIC OF CROATIA**  
**MINISTRY OF FINANCE**  
41000 Z A G R E B  
KATANČIĆEVA 5

PARIS, March 21, 1995

The Government of the Republic of Croatia emphasizes its major interest in a speedy completion of the process of succession of the former SFRY under the auspices of the International Conference on the former Yugoslavia. In that respect, it underlines that the Republic of Croatia, as a successor of the former SFRY, is entitled to a share of the assets of the former SFRY.

The Government of the Republic of Croatia requests that the Paris Club does not grant any principal reduction on non allocated debt to any successor state of the former SFRY pending the completion of the negotiations on the succession process. It understands, however, that any future rescheduling of other successor states of the former SFRY would not contain any differentiation between allocated and non-allocated debt and be based on a case-by-case assessment of financing needs in accordance with the rules of the Paris Club.

**THE CHAIRMAN OF THE PARIS CLUB**



# Record Removal Notice



<b>File Title</b> Paris Club - 95-03 (Mar. 20-24, 1995 meeting)		<b>Barcode No.</b>  1294805		
<b>Document Date</b> 22 March, 1995	<b>Document Type</b> Report			
<b>Correspondents / Participants</b>				
<b>Subject / Title</b> Summary of Paris Club Meeting Discussions				
<b>Exception(s)</b> Information Provided by Member Countries or Third Parties in Confidence				
<b>Additional Comments</b>		<p>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.</p> <table border="1"> <tr> <td><b>Withdrawn by</b> Tonya Ceesay</td> <td><b>Date</b> 20-Apr-16</td> </tr> </table>	<b>Withdrawn by</b> Tonya Ceesay	<b>Date</b> 20-Apr-16
<b>Withdrawn by</b> Tonya Ceesay	<b>Date</b> 20-Apr-16			



## NICARAGUA

The Paris Club  
Statement of the World Bank Representative  
March 21, 1995

When the Government of President Chamorro assumed office in April 1990, following ~~11 years~~ <sup>more than a decade</sup> of civil war, it faced a devastated economy, with a cumbersome and highly centralized public sector, and a small and over-regulated private sector. Major macroeconomic imbalances inherited from the previous administration had resulted in hyper-inflation and a massive <sup>overhang of</sup> external debt ~~of more than five~~ <sup>six</sup> hundred percent of GDP.

Relying on broad support from the international community, the Government undertook an ambitious stabilization and structural reform program. The reform program was supported by IDA through the first Economic Recovery Credit, and aimed at a massive transformation, from a centralized command economy to a market-driven one. These efforts succeeded in stabilizing the economy. Although substantial progress was achieved in the implementation of reforms, the much-expected resumption of economic growth did not materialize as quickly as expected.

Further progress in adjustment stalled during 1992-93, as the country faced a difficult domestic political situation that prevented the achievement of a national consensus on the difficult reforms needed. But the situation began to improve toward the end of 1993, which allowed the Government to restart its reform program, and IDA to

support it through a second Economic Recovery Credit, which was approved by the Board of Executive Directors on June 21, 1994.

Major achievements of the structural reform program include: (i) a substantial reduction in the size of the public sector through cuts in current expenditures, military personnel, public employment and privatization <sup>as mentioned by the Minister,</sup> all but 6 of the 351 enterprises originally held by CORNAP (the state holding company) have been divested and the Government is proceeding with plans to privatize the telephone company; (ii) substantial liberalization of domestic and foreign trade, including lowering import tariffs to a 40 percent ceiling and dismantling non-trade barriers; (iii) opening up the banking system to the private sector (there are now 9 private banks in operation), restructuring state banks, and strengthening prudential supervision; and (iv) implementation of social safety nets, including the IDA-supported Emergency Social Investment Fund, to protect the poor during the transition period.

Nicaragua's economy improved considerably in 1994. For the first time we are seeing hopeful signs of a supply response to the structural measures taken by the Government. The economy grew by 3.2 percent in 1994, the highest growth in more than a decade. More encouragingly, this improved performance was led by a strong recovery in agriculture, despite a severe drought that not only affected the planting season but also caused serious power outages. Agriculture grew by over 16 percent and growth was well diversified. Merchandise exports increased by 29 percent in dollar



terms, reflecting not only better international prices (coffee) but also increased volumes of nontraditional exports.

Prospects for 1995 are also positive. Growth of 4-5 percent appears feasible as the Government is committed to maintaining macroeconomic stability and deepening reforms. And a good harvest in late 1994 will stimulate growth in 1995.

The Government is aware that further efforts are required to maintain macroeconomic stability and push ahead with the transformation of the Nicaraguan economy. Long-term growth prospects will depend on progress in four critical areas: (i) maintenance of a stable macroeconomic environment; (ii) further policy and institutional reforms to sustain the recovery in agriculture; (iii) deepening public sector reforms, to both reduce its size and increase its efficiency; and (iv) continued improvement in the investment climate. The ~~latter~~ <sup>Government</sup> will need to focus on reducing the uncertainty and costs of doing business in Nicaragua, <sup>making</sup> further progress in resolving property issues, and <sup>on</sup> improving incentives for private sector development. The latter will be difficult to achieve unless the country can demonstrate it is moving toward a viable and sustainable external situation. Improving Nicaragua's fragile external situation, in turn, will require a comprehensive solution to its massive foreign debt overhang.

The central aim of IDA's assistance strategy is to continue to support the Government in its efforts to complete the transformation toward a market economy capable of sustaining growth and reducing poverty. Adjustment and technical assistance

for public sector reform will be the centerpiece of this support through an Institutional Development Credit in the first half of 1995 and a third Economic Recovery Credit during the second half. This will be reinforced by an intensive policy dialogue on macro management issues, donor coordination to mobilize critical balance of payments and technical assistance support, and a project lending program focussed on poverty alleviation, the social sectors, and critical investments in water and a sanitation. In addition, together with IDB and interested bilateral donors, the World Bank is working on a debt buy-back operation to reduce the country's enormous commercial debt obligations.

It is anticipated that total IDA lending could be in the order of US\$140 million for the next three years, depending on country performance and overall availability of IDA funds. Of this about 40% will be in the form of adjustment lending. In addition, ~~the~~ commercial debt buy-back operation would be financed through the IDA Debt Reduction Facility, ~~and~~ Nicaragua would <sup>also</sup> qualify for supplementary financing of about US\$5-7 million annually under the IDA Reflows Facility.

In sum, many recent developments in Nicaragua certainly provide grounds for cautious optimism. Nonetheless, the economy remains highly vulnerable to domestic and external shocks, and will need to continue to rely on international support. In this context, the assistance of the international community in resolving Nicaragua's debt problem is absolutely vital.



INTERAMERICAN DEVELOPMENT BANK

STATEMENT TO THE PARIS CLUB

ON NICARAGUA

(Paris, March 21, 1995)

Since the beginning of the decade, Nicaragua has been involved in a deep transformation process. When the present Government was elected, it faced many challenges. The country had to be pacified, democracy strengthened and the economy transformed to rely more on market signals than central plans. These challenges were confronted in an atmosphere of depressed commodity prices, particularly cotton and coffee, and skeptical international financial markets, that were only starting to regain their confidence in the regions' countries. Natural disasters such as the eruption of the Cerro Negro Volcano, a tidal wave that struck on the Pacific coast, and several years of drought were additional obstacles that had to be overcome.

Five years later, the country has been pacified, democracy has replaced an authoritarian system and the stabilization and recovery of the economy are all impressive achievements of the government.

With the support of the IMF, the World Bank, the IDB, and the bilaterals, the adjustment program has advanced on five main fronts: (i) restoration of basic macroeconomic equilibria; (ii) promotion of structural economic reform; (iii) reform of public enterprises; (iv) adjustment of economic activity to an environment of peace; and (v) resolution of the property rights issue.

In the macroeconomic arena, inflation was reduced from over 10,000% to 12% per year in 1994, and single digit inflation is expected for the present year, partly as a consequence of fiscal measures. Non-financial Public Sector Revenues rose from 17.7 percent of GDP in 1990 to 29.1 percent in 1994. Current

expenditures were reduced from 35.7 percent of GDP in 1990 to 26.0 percent in 1994. Further efforts were pursued under the ESAF program, and are currently supported by the World Bank's Economic Recovery Credit II and IDB's Public Utilities Reform Program. A devaluation of 1 percent a month with respect to the dollar under a crawling-peg system depreciated the Cordoba Oro 6.6 percent in real terms in 1994. The external sector benefitted from this, increasing exports levels despite a severe drought from July to September. Exports of non-traditional goods have increased remarkably. This fact helped control the current account deficit, despite the pressure on imports generated by the economic recovery. After fourteen years of negative or flat growth rates that have reduced GDP by over 30%, the economy grew at 3.2 percent last year, with projected growth of 4.5 percent for 1995. However, within these perspectives, under the ESAF a financial gap of over US\$4 billion, is projected corresponding mainly to external debt obligations. Therefore, the sustainability of economic reforms can only be achieved after a drastic improvement of the external debt situation.

Structural economic reform has meant much more than privatization. It has involved deregulation, opening of the economy to external markets, and the creation of market oriented institutions. In the financial sector, 10 private banks were created and others will be opening. An IDB-funded technical cooperation, which helped establish the Banking Superintendency, continues to strengthen this important institution. In addition, the IDB and the World Bank are initiating a Modernization of the State Program to continue the institutional restructuring and modernization of the state, to make it more efficient, to eliminate redundancies and to make expenditures more flexible through a labor



mobility program.

The economic transformation has entailed the encouragement of private initiative and the promotion of the role of the public sector, as facilitator in defining policy and strategy. The creation of CORNAP (Junta General de Corporaciones Nacionales del Area Pública) to privatize public enterprises, accelerated this transformation. From the initial 353 public enterprises, less than 10 remain to be privatized. Efforts are being devoted to the privatization of TELCOR (telecommunications), which is expected by this summer. Medium and small enterprise have been promoted, and many privatized enterprises became the property of their workers. Even though privatization has almost been completed, the country's infrastructure needs to be reconstructed in order to further attract private investment. Here again, the main challenge is of a financial nature.

The country has made considerable progress adjusting to peace. The size of the army was reduced drastically in a very short period of time. Important efforts were aimed successfully at incorporating former combatants to civilian life. Legislation to regulate military and civilian relationships under a democratic regime are under consideration by the National Assembly.

The property issue involves over 150,000 cases (including reforma agraria), at a cost of over US\$650 million. Its resolution is not easy, since it involves legal and institutional aspects, considerable financing and a strong political commitment. Nonetheless, more than 60 percent of the cases have been reviewed, and the results of these efforts are visible: (i) the Ministry of Finance

appointed a Vice-Minister for Property; (ii) several laws have been revised; (iii) the units involved in the solution procedures are being restructured to function more efficiently; (iv) UNDP and the IDB are implementing a program to accelerate the resolution of cases. The serious challenge to overcome will be the financial requirements for the final resolution of cases. The Government is considering obtaining assistance for the use of international arbitration in special cases.

Nicaragua faces three difficult obstacles to consolidate its transformation and place the country on a path of sustainable growth: (i) the resolution of all remaining cases of property conflicts; (ii) the fiscal problem created by a large, inefficient government, unable to generate public savings; and (iii) the heavy burden of an enormous external debt of over US\$ 11 billion (seven times GDP and one of the highest per-capita debt ratios in the world).

Support of the international community, including the multilateral organizations and many friendly governments has been forthcoming in all the areas and it is expected to continue in the near future. The third of these obstacles, that is the external debt overhang, must be resolved to increase investor confidence to attract resources to the country. The IDB is supporting the government in setting up a comprehensive strategy of debt reduction in all categories: multilateral, bilateral and commercial. Our Bank recommends the most favorable terms of reduction in the Nicaraguan debt.



## Paris Club Meeting on Nicaragua

21 March 1995

### Statement by the UNCTAD Representative

Since the last meeting of the Paris Club on Nicaragua, this country has achieved remarkable progress in stabilising its economy. The inflation rate was reduced from a staggering level of several thousands per cent a year before 1991 to about 12% in 1994 and is projected to decrease further to a single digit level in 1995. The public sector deficit, in percentage of GDP, was also reduced to around 10%, from 31% in 1990. GDP has also recorded some growth, after years of decline, and its growth rate is projected to reach 3% this year and exceed this level in the coming years. The Government is committed to pursue its efforts by adopting a comprehensive medium-term program for 1994-1997 which aims at consolidating these gains on macroeconomic stabilisation and reinforcing structural reforms towards a market-based economy.

Despite these significant improvements, achieved through severe cuts in government spending and significant inflows of foreign aid, the economic situation of Nicaragua remains precarious. With a per capita GDP of about \$450, Nicaragua is among the poorest countries in the world. It is estimated that more than half the population is poor and close to one-fifth live in extreme poverty. Social indicators remain very low. Health and nutrition indicators show deficient conditions in these sectors, while the education system suffers from a severe deterioration of existing facilities.

Political stability is not completely restored. Political uncertainties, lack of infrastructure, difficulties encountered in the privatisation process and drastic fiscal restrictions all contribute to restrain the much needed investments and to fragilise the economic recovery. Unemployment is high and affects about 50% of the active population, if underemployment is also taken into account.

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

**I-A/ PREAMBLE**

1. The representatives of the Governments of Finland, France, Germany, Italy, the Netherlands, Spain and the United States of America, hereinafter referred to as "Participating Creditor Countries", met in Paris on March 21 and 22, 1995 with representatives of the Government of the Republic of Nicaragua in order to examine the request to alleviate the Republic of Nicaragua's external debt service obligations. Observers of the Governments of Australia, Austria, Belgium, Brazil, Denmark, Israel, Japan, Norway, Sweden and the United Kingdom as well as the International Monetary Fund, the International Bank for Reconstruction and Development, the Interamerican Development Bank, the Secretariat of the UNCTAD and the Organization for Economic Cooperation and Development also attended the meeting.

2. The delegation of the Republic of Nicaragua 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 arrangements under the Enhanced Structural Adjustment Facility with the International Monetary Fund.

3. The representatives of the International Monetary Fund described the Republic of Nicaragua's economic situation and the major elements of the adjustment program adopted by the Government of the Republic of Nicaragua and supported by arrangements under the Enhanced Structural Adjustment Facility with the International Monetary Fund. The first annual arrangement approved by the Executive Board of the International Monetary Fund on June 24, 1994 covers the period ending on June 23, 1995 and involves specific commitments in both the economic and financial fields.

4. The representatives of the Governments of the Participating Creditor Countries noted the strong measures of adjustment in the economic and financial program undertaken by the Government of the Republic of Nicaragua and stressed the importance they attach to the continued and full implementation of this program and, in particular, the revitalization of the productive sector of the economy and the improvement of public finances and foreign exchange management.

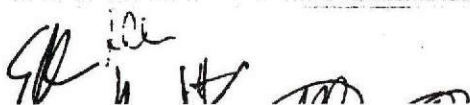
They took note of the Republic of Nicaragua's chronic balance of payments problems and very heavy debt service obligations, in conjunction with very low per capita income, which were deemed, given the strong adjustment program noted above, to warrant exceptional treatment of the debt.

**B/ DEFINITIONS**

1. For the purpose of the present Agreed Minute, "the Appropriate Market Rate" means the rate, rounded to the nearest 1/16th of a point, and conditions of interest which will be determined bilaterally between the Government of the Republic of Nicaragua and the Government or the appropriate institutions of each Participating Creditor Country.

2. The authenticated tables attached to the present Agreed Minute and referred to hereafter form an integral part of the present Agreed Minute. As concerns the repayment schedules indicated in Tables A1, C2 and D2, it is understood that "semester" means a period of six successive months. The first semester referred to in the Tables is the period beginning on November 15, 1996. For each semester it is understood that the due date is the first day of the corresponding semester.

3. Late interest charges are those interest charges accruing between the contractual payment date of principal and interest due and not paid, and a date to be fixed in the bilateral agreements concluded for the implementation of the present Agreed Minute.





## II- RECOMMENDATIONS ON TERMS OF THE REORGANIZATION

In view of the serious payment difficulties faced by the Republic of Nicaragua, 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 Nicaragua 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 either extended to or guaranteed by the Government of the Republic of Nicaragua, or its public sector, or the Central Bank of Nicaragua, pursuant to an agreement or other financial arrangement concluded before November 1, 1988 ;

b) loans from Governments or appropriate institutions of the Participating Creditor Countries, having an original maturity of more than one year, and which were either extended to or guaranteed by the Government of the Republic of Nicaragua, or its public sector, or the Central Bank of Nicaragua, pursuant to an agreement or other financial arrangement concluded before November 1, 1988 ;

c) repayments of principal and interest due as a result of the consolidation agreements concluded or to be concluded pursuant to Article II paragraphs 2.A/, 2.B/, 2.C/ and 2.D/ of the Agreed Minute dated December 17, 1991 on credits and loans mentioned in Article II paragraphs 1.a) (i) and 1.b) (i) of the Agreed Minute dated December 17, 1991.

It is understood that debt service, due as a result of debts described above in the present Agreed Minute and effected through special payment mechanisms or other external accounts, is included in the present reorganization. Participating Creditor Countries will reschedule, refinance or take other appropriate measures to ensure that this category of debt is treated in a manner comparable to other debt subject to this Agreed Minute.

It is understood that repayments of principal and interest due as a result of the consolidation agreements concluded or to be concluded pursuant to Article II paragraphs 2.E/ and 2.F/, as well as repayments of principal and interest due as a result of the reorganization of the debts mentioned in Article II paragraph 1.c) of the Agreed Minute dated December 17, 1991 are not affected by the present rescheduling.

### 2. Terms of the consolidation

The debt relief will apply as follows :

#### A/ As regards credits or loans granted or guaranteed by the Governments of France and Germany or their appropriate institutions

a) 67% of the amounts of principal and interest (including late interest) due as at March 31, 1995 inclusive and not paid and 67% of the amounts of principal and interest (excluding late interest) due from April 1, 1995 up to June 30, 1997 inclusive and not paid on credits and loans mentioned in paragraphs 1.a) and 1.b) above and not covered by paragraph B/ below will not need to be repaid by the Government of the Republic of Nicaragua. The remaining 33% will be rescheduled or refinanced. Repayment by the Government of the Republic of Nicaragua of the corresponding sums will be made as described in Table A1 attached to the present Agreed Minute ;

b) the rates and the conditions of interest on the rescheduling or refinancing arrangements covered by paragraph a) above will be determined bilaterally between the Government of the Republic of Nicaragua and the Government or appropriate institutions of the Participating Creditor Countries on the basis of the Appropriate Market Rate.

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**B/ As regards Official Development Assistance loans (ODA) granted by the Governments of the Participating Creditor Countries listed in paragraph A/ above, or their appropriate institutions, as well as by the Governments of Finland, the Netherlands and Spain or their appropriate institutions**

a) The present paragraph applies to Official Development Assistance (ODA) loans, according to OECD definition, extended to the Government of the Republic of Nicaragua by the Governments or appropriate institutions of the Participating Creditor Countries concerned by paragraph A/ above, as well as by the Governments of Finland, the Netherlands and Spain or their appropriate institutions, pursuant to an agreement concluded before November 1, 1988 ;

b) recognizing the great value of contributions already made by the Participating Creditor Countries through various means in order to alleviate further the burden of servicing these debts, 100% of the amounts of principal and interest (including late interest) due as at March 31, 1995 inclusive and not paid and 100% of the amounts of principal and interest (excluding late interest) due from April 1, 1995 up to June 30, 1997 inclusive and not paid on loans mentioned in paragraph a) above will be rescheduled or refinanced.

Repayment by the Government of the Republic of Nicaragua of the corresponding sums will be made as described in Table D2 attached to the present Agreed Minute.

c) The rates and the conditions of interest on the rescheduling or refinancing arrangements covered by paragraph b) above will be determined bilaterally between the Government of the Republic of Nicaragua and the Government or appropriate institutions of the concerned Participating Creditor Countries. These rates and conditions of interest should be at least as favourable as the concessional rate applying to those loans.

**C/ As regards credits or loans granted or guaranteed by the Governments of Italy and the United States of America or their appropriate institutions**

a) 100% of the amounts of principal and interest (including late interest) due as at March 31, 1995 inclusive and not paid and 100% of the amounts of principal and interest (excluding late interest) due from April 1, 1995 up to June 30, 1997 inclusive and not paid on credits and loans mentioned in paragraphs 1.a) and 1.b) above will be rescheduled or refinanced.

Repayment by the Government of the Republic of Nicaragua of the corresponding sums will be made as described in Table C2 attached to the present Agreed Minute.

b) The rates and the conditions of interest applying on the rescheduling or refinancing arrangements covered by paragraph a) above will be determined bilaterally between the Government of the Republic of Nicaragua and the Government or appropriate institutions of the concerned Participating Creditor Countries on the basis of an Appropriate Market Rate. As concerns the Official Development Assistance loans, it is understood that the rates and the conditions of interest should be at least as favourable as the concessional rates applying to those loans.

D/ Interest accrued from April 1, 1995 up to December 31, 1996 inclusive on consolidated amounts referred to in paragraphs A/, B/ and C/ above will be paid in 8 equal and successive semi-annual instalments, the first payment to be made on March 31, 1997 and the final payment to be made on September 30, 2000.

It is understood that these amounts will not be subject to any further reorganization.

Interest will be charged on those amounts.

**E/ As regards consolidation agreement mentioned in paragraph 1.c) above :**

a) 100% of the amounts of principal and interest (excluding late interest) due from August 1, 1995 up to December 31, 1996 inclusive and not paid will be rescheduled or refinanced. Repayment by the Government of Nicaragua of the corresponding sums will be made in 8 equal and successive semi annual payments, the first payment to be made on March 31, 1997 (end of the grace period) and the final payment to be made on September 30, 2000 (end of the repayment period) ;

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b) the rates and the conditions of interest on the rescheduling or refinancing arrangement covered by paragraph a) above will be determined bilaterally between the Government of the Republic of Nicaragua and the Government or appropriate institutions of each Participating Creditor Country on the basis of an Appropriate Market Rate. As concerns the Official Development Assistance loans, it is understood that the rates and the conditions of interest should be at least as favourable as the concessional rates applying to those loans.

### **3. Debt swaps**

On a voluntary and bilateral basis, the Government of each Participating Creditor Country or its appropriate institutions may sell or exchange, in the framework of debt for nature, debt for aid, debt for equity swaps or other local currency debt swaps :

(i) the amounts of outstanding loans mentioned in paragraph 1. above as regards official development aid loans and direct Government loans ;

(ii) the amounts of other outstanding credits mentioned in paragraph 1. above, up to 10% of the amounts of outstanding credits as of December 31, 1991 or up to an amount of 20 million US dollars, whichever is higher.

### **III- GENERAL RECOMMENDATIONS**

1. In order to secure comparable treatment of its debt due to all its external public or private creditors, the Government of the Republic of Nicaragua commits itself to seek from all its external creditors debt reorganization arrangements on terms comparable to those set forth in this Agreed Minute for credits of comparable maturity.

Consequently, the Government of the Republic of Nicaragua commits itself not to accord any category of creditors -and in particular creditor countries not participating in this Agreed Minute, commercial banks and suppliers- a treatment more favourable than that accorded the Participating Creditor Countries.

2. The Government of the Republic of Nicaragua will seek to secure, from each of its 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 Nicaragua 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 Nicaragua agrees that it will promptly negotiate rescheduling or refinancing arrangements with all other creditors on credits of comparable maturity.

The Government of the Republic of Nicaragua will inform in writing the Chairman of the Paris Club not later than October 31, 1995 of the progress made for this purpose in negotiations with other creditors.

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 2., of 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, 1995. Interest will be charged on those amounts.

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 Nicaragua which implements this Agreed Minute. The Government of the Republic of Nicaragua acknowledges this arrangement.

GR  
H  
/





6. Each of the Participating Creditor Countries agrees to inform the Chairman of the Paris Club of the date of the signature of its bilateral agreement, of the interest rates, of the amounts of debts involved and of any implementation of debt conversions in application of paragraph II-3. above. The Government of the Republic of Nicaragua acknowledges this arrangement.

7. The Government of the Republic of Nicaragua will inform the Chairman of the Paris 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 Nicaragua undertakes to pay all debt service due and not paid as at the date of the present Agreed Minute on consolidations, on loans, on credits or pursuant to contracts or other financial arrangements payable on cash terms, extended or guaranteed by the Governments of the Participating or Observer Creditor Countries or their appropriate institutions, and not covered by the present Agreed Minute as soon as possible, and in any case not later than October 31, 1995.

Late interest will be charged on those amounts.

9. The Government of the Republic of Nicaragua guarantees the immediate and unrestricted transfer of the foreign exchange counterpart of all amounts paid in local currency by the private debtors in Nicaragua for servicing their foreign debt owed to or guaranteed by the Participating or Observer Creditor Countries or their appropriate institutions, for which the corresponding payments in local currency have been deposited in the Central Bank of Nicaragua on or after December 31, 1991.

#### IV - IMPLEMENTATION

The detailed arrangements for the rescheduling or refinancing of the debts will be accomplished 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 Nicaragua on the basis of the following principles :

1. the Government or the appropriate institutions of each Participating Creditor Country will :

- either refinance debts by placing new funds at the disposal of the Government of the Republic of Nicaragua, according to existing payment schedules, during the reorganization period and for the above mentioned percentages of payment. These funds will be repaid by the Government of the Republic of Nicaragua according to the terms and conditions set out in Article II, paragraph 2. above ;

- or reschedule the corresponding payments.

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 Nicaragua 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 October 31, 1995.

3. a) The provisions of the present Agreed Minute will continue to apply until December 31, 1995 inclusive provided that the Government of the Republic of Nicaragua continues to have an appropriate arrangement with the International Monetary Fund ;

b) they will also continue to apply from January 1, 1996 up to December 31, 1996 provided that the Executive Board of the International Monetary Fund has approved before December 31, 1995 a second annual arrangement under the Enhanced Structural Adjustment Facility with the Government of the Republic of Nicaragua and provided that the Republic of Nicaragua has made on due dates the payments referred to in this Agreed Minute ;

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c) they will also continue to apply from January 1, 1997 up to June 30, 1997 provided that the Executive Board of the International Monetary Fund has approved before December 31, 1996, a third annual arrangement under the Enhanced Structural Adjustment Facility with the Government of the Republic of Nicaragua and provided that the Republic of Nicaragua has made on due dates the payments referred to in this Agreed Minute ;

d) for this purpose, the Government of the Republic of Nicaragua agrees that the International Monetary Fund will inform the Chairman of the Paris Club regarding the status of the Republic of Nicaragua's relations with the International Monetary Fund.

4. In response to the request of the representatives of the Government of the Republic of Nicaragua, the Participating Creditor Countries agreed in principle to a meeting to consider the matter of the Republic of Nicaragua's debt service payments falling due after June 30, 1997 and relating to loans or credits pursuant to a contract or other financial arrangement concluded before November 1, 1988 provided :

- that the Republic of Nicaragua continues to have an appropriate arrangement with the International Monetary Fund ;

- that the Republic of Nicaragua has reached with 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 paragraphs 3. and 7. above ;

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

5. If as at June 30, 1997, the Government of the Republic of Nicaragua has maintained satisfactory relations with the Participating or Observer Creditor Countries, and notably has fully implemented all agreements signed with them as from December 17, 1991 and continues to have an appropriate arrangement with the International Monetary Fund, the Participating Creditor Countries agree in principle to hold a meeting to consider the matter of the Republic of Nicaragua's stock of debt.

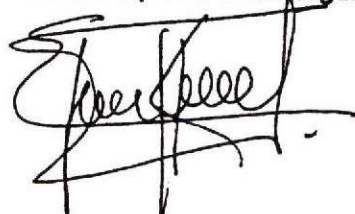
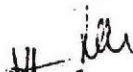
6. The representatives of the Government of each of the Participating Creditor Countries and of the Government of the Republic of Nicaragua agreed to recommend to their respective Governments or appropriate institutions that they initiate bilateral negotiations at the earliest opportunity and conduct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

Done in Paris, on March 22, 1995  
in two versions, English and French,  
both texts equally authentic,

The Chairman  
of the Paris Club



The Head of the Delegation  
of the Republic of Nicaragua

Delegation of Finland

*Silla*

Delegation of Italy

*Deboni*

Delegation of France

*Hoast*

Delegation of the Netherlands

*Alida van Fe*

Delegation of Germany

*Hans*

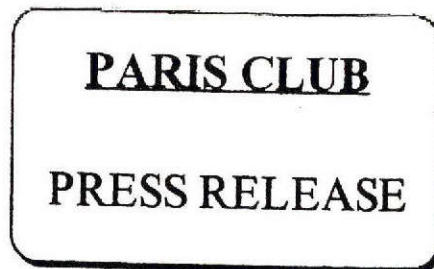
Delegation of Spain

*Juan José J. J. J.*

Delegation of the United States of America

*B. B. Robinson*





## THE PARIS CLUB AGREES ON A DEBT RESTRUCTURING FOR NICARAGUA

1. The Paris Club met on March 22, 1995 with representatives of the Republic of Nicaragua. The representatives of the Creditor Countries agreed to recommend to their Governments a reorganization of the maturities falling due during the period covered by Nicaragua's arrangement with the International Monetary Fund.

This represents a major restructuring of the Republic of Nicaragua's external debt. It applies to payments due under loans from, and credits guaranteed by the Republic of Nicaragua's official creditors.

2. The representatives of the Creditor Countries noted that the Republic of Nicaragua's low per capita income and heavy debt burden call for strong adjustment efforts together with exceptional treatment of debt.

The representatives of the Creditor Countries welcomed the implementation by the Government of the Republic of Nicaragua of an economic and financial program supported by a first annual arrangement under the Enhanced Structural Adjustment Facility with the International Monetary Fund.

3. The delegation of the Republic of Nicaragua asked for a concessional treatment of its debt. Creditor Countries agreed to debt reduction and rescheduling in order to foster economic growth and accelerate development in the country.

The agreement implements for Nicaragua the "Naples Terms" agreed in December 1994 for the treatment of the poorest and most indebted countries.

4. The representatives of the Creditor Countries agreed to recommend a treatment providing for the reduction of the debt according to one of the following options :

- write-off of 67% of debt service obligations due under eligible loans and credits ; the remaining part to be consolidated at market interest rates over a period of 23 years (including a grace period of 6 years) ;

- or consolidation at concessional interest rates, so as to reduce by 67% in net present value the payments due on eligible loans and credits, with a repayment period of 33 years.

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

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

6. Lastly, Creditor Countries also agreed under certain conditions to hold a meeting to consider, at the end of the period covered by the agreement, the matter of the Republic of Nicaragua's stock of eligible debt.

### Background notes

1. The Paris Club was formed in 1956. It is an informal group of Creditor Governments mainly from major industrialized countries (i.e. OECD). It meets on a monthly basis in Paris with debtor countries in order to agree with them on restructuring their debts.
2. The members of the Paris Club which participated in the Reorganization were representatives of the Governments of Finland, France, Germany, Italy, the Netherlands, Spain and the United States of America.
3. Observers at the meeting were representatives of the Governments of Australia, Austria, Belgium, Brazil, Denmark, Israel, Japan, Norway, Sweden and the United Kingdom as well as the International Monetary Fund, the International Bank for Reconstruction and Development, the Interamerican Development Bank, the Secretariat of the UNCTAD and the Organization for Economic Cooperation and Development.
4. The delegation of the Republic of Nicaragua headed by Mr. Erwin KRUGER, Minister of External Cooperation, expressed its thanks to the Participating members of the Paris Club for their help in strengthening the Republic of Nicaragua's economic and financial situation.
5. The meeting was chaired by Mr. Bertrand de MAZIERES, Deputy Assistant Secretary at the Treasury of the French Ministry of Economy, Vice President of the Paris Club.
6. The arrangement concluded by Nicaragua with the International Monetary Fund was approved by the Fund's Executive Board on June 24, 1994 ; the three year arrangement under the Enhanced Structural Adjustment Facility covers a period through June 1997.

Contact :

Jérôme HAAS

Secretary General of the Paris Club

Tél. : 33.1 44.87.73.61

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**STATEMENT BY DR. ERWIN KRÜGER  
MINISTER OF EXTERNAL COOPERATION OF NICARAGUA  
PARIS, FRANCE  
MARCH 21, 1995**

**On behalf of the Government of Nicaragua, I would like to express our appreciation to the members of the Paris Club and the French Treasury for convening this meeting here today.**

**Since 1990, the Administration of President Violeta Barrios de Chamorro has faced the formidable challenge of achieving a delicate balance between financial adjustment, structural reform, and prudent social management in the context of political polarization, economic prostration and destruction in all fronts left by inadequate economic policies, adverse external development, and twelve years of a devastating civil war.**

**During the past five years, and under extremely complex and difficult circumstances, Nicaragua has been undergoing a triple transition: 1) from war to peace; 2) from autocratic political dictatorships to democracy; and 3) the transition between two, radically opposed, economic systems.**

**Within this context, Nicaragua has simultaneously faced 3 mayor challenges, each one of them complex enough to deserve the full attention of**

**the government. First, the challenge of maintaining price stability, after four consecutive years of hyperinflation and with severe macroeconomic imbalances. Second, the urgent need to launch a structural adjustment program, under extreme poverty and post-war conditions. Third, the transformation of a centralized, state-controlled economy to a market-oriented economy, open to international trade and capital flows; a process in which no previous experience existed.**

**The transition from a centrally-planned to a market economy did require, to say the least, profound structural transformations in the public sector, the financial system, foreign trade, and the domestic price system. By reducing the participation of the state in producing and pricing goods and services, distortions and subsidies were eliminated, and private sector participation was facilitated.**

**Our experience indicates that, while the economic costs associated to stabilization and structural adjustment programs are understood and accepted, those borne by economic transition are not. Yet, they are very real and they are very high.**

**For example, among those costs, the entire recreation of the free market system is included. The privatization of state enterprises, for**



instance, which produced more than 30 percent of Gross Domestic Product, far from generating income to the government was a continuous source of fiscal deficit.

Nonetheless, Nicaragua has faced and managed the transition with realism, determination and, without false modesty, with great success. While managing stabilization, adjustment, and transition the Gross National Product did not fall off, as it did in other countries experiencing a similar process. On the contrary, the average rate of decline of 2.5 percent the economy was experiencing since 1984 was reversed. As of 1994, for the first time in 13 years, the economy started to grow at a rate of 3.2 percent. For 1995, the rate of growth is expected to increase to 4 percent.

Notwithstanding the progress made so far, the economic situation remains fragile and highly vulnerable: 86 percent of the rural population and 55 percent of the urban population have not met their basic needs. According to the United Nations' 1994 report on Nicaragua, 75 percent of the population lives under the poverty level, and 44 percent lives under extreme poverty. In addition; 13.9 percent of the population is homeless, and 56.7 percent live in homes consisting of only one dormitory.

**The performance of the Nicaraguan economy deteriorated markedly during the 1980s, largely due to macroeconomic mismanagement, and the negative effects of a prolonged civil war. They distorted relative prices and created large macroeconomic imbalances. Not surprisingly, the balance of payments was under severe pressure. Bilateral aid, mostly from Eastern Europe and the former Soviet Union, financed imports through loans and grants. This, combined with arrears in foreign debt service, was decisive in balancing the current account deficit during the decade.**

**The result was an alarming growth in Nicaragua's external debt, which increased seven-fold between 1980 and 1990, reaching a level of 10.5 billion dollars in 1990.**

**Facing a virtual collapse of the economy, in order to achieve a stable political environment, President Chamorro's government has implemented dramatic corrective measures which have yielded outstanding results. Immediate attention was given to the pacification of the country. Hyperinflation was eliminated through tight fiscal and monetary measures and price stability has been maintained.**

**Nicaragua's economic policy is based on a comprehensive and far-reaching set of objectives aimed at reorienting the economy toward a**



**competitive market system, and attaining a satisfactory and sustainable rate of growth in the medium term. These objectives include:**

- (a) reduction of public expenditures**
- (b) increased public savings**
- (c) trade liberalization**
- (d) the modernization of the financial system**
- (e) the rational use of natural resources, and**
- (f) rationalization of pricing, marketing and subsidy policies.**

**Major progress has already been accomplished in the removal of barriers to private sector participation. Trade and financial liberalization programs are underway. New legislation in the financial sector has allowed for the creation of private banks, and an ambitious plan to privatize 350 state enterprises has been virtually completed. Public sector finances are being strengthened through a comprehensive tax reform and through major cuts in expenditures.**

**Structural reforms are being complemented with sound macroeconomic management. To this end, stabilization measures were undertaken early on, and since March 1991, a full program of corrective policies was designed and executed. The program received broad support**

from the International Monetary Fund, both in September 1991, with a stand-by arrangement, and later in June 1994 in the context of an Enhanced Structural Adjustment Facility (ESAF). Structural adjustment and macroeconomic policies under way in our country are described in detail in the document "Nicaragua: The Resolution of the Debt Overhang", prepared by the Nicaraguan Government and kindly distributed to you by the Paris Club Secretariat.

Despite strenuous efforts to reduce the fiscal deficit, total domestic savings in Nicaragua are, in general terms, insufficient to finance investment. Thus, the assurances of financial flows from abroad, on a predictable and sustained basis, are critical to the adjustment and growth programs.

During the last four years, the Nicaraguan Government has sought external financing primarily from official and multilateral sources. The international financial community has understood the far-reaching economic and political transformations that Nicaragua has undertaken, and has responded accordingly.



Nevertheless, Nicaragua's debt overhang, together with its overwhelming need of external resources to finance reconstruction and development, leave the economy with a very limited capacity to honor its foreign debt obligations.

Updated figures for December 31, 1994 show that Nicaragua's total debt stands at US\$11.7 billion. The largest component of this debt is bilateral, at US\$8.3 billion or 71.3 percent of the total. Of that amount, roughly US\$1.7 billion is owed to Paris Club member countries. Liabilities to commercial banks account for US\$1.7 billion, and debt to multilateral organizations for US\$1.5 billion of the total.

The severity of the country's debt overhang is evidenced by its relative indicators:

- In 1994, total debt stock was roughly equivalent to more than 6 times the value of the country's GDP and 34 times the value of exports.
  
- In contrast, the 1992-1993 World Debt Tables report that, on average, severely indebted low-income countries, have a debt stock 1.1 times the size of GDP, and 4 times their exports. These parameters are considerably lower than Nicaragua's indicators:

**A. Debt per capita was approximately 2,800 dollars in 1994, compared to an income per capita of only 450 dollars.**

**B. Contractual debt service for 1994 was estimated at 1.3 billion dollars, which represented approximately 380 percent of exports, compared to 22 percent in SILICs.**

**C. Annual contractual interests in 1994 were 462 million dollars, equivalent to 30 percent of GDP and 131 percent of exports.**

**The solution to a problem of this magnitude lies in massive reductions in the stock of debt with most creditors. Along these lines, the Nicaraguan Government has made significant efforts in improving the country's debt profile by reaching bilateral rescheduling agreements, containing a very high grant element, with its Paris Club creditors and Latin American countries.**

**The main goal of Nicaragua's debt strategy is to adequate the stock of debt to the size of the country's GDP, and the debt service to the country's ability to pay.**

**The external debt strategy of Nicaragua is based on the experiences and achievements made in the period 1991-1994, when we reached a debt reduction of US\$1,800 million in net present value. Nevertheless, that**



reduction amount almost equals the new contracted debt, US\$1,740 million, during the period. Consequently the international financial restrictions are similar to the critical situation observed in 1990. In other words, we are in a vicious circle that needs to be broken, and this is precisely what we intend to do.

The debt rescheduling effort has been, thus far, totally insufficient. According to the estimated projections of the ESAF, after debt service, the untied liquid funds of the international cooperation are practically equal to zero in 1994. They become a negative to US\$80 million in 1995, and a negative US\$150 million in 1997.

In other words, all of the untied (liquid) cooperation received by Nicaragua is assigned to the payment of the external debt, leaving nothing for the reconstruction of the productive apparatus and the economic growth of the country.

On the other hand, the current international debt rescheduling system is completely inadequate to handle the solution of the economic problem of Nicaragua. This is a frustrating and unrealistic task because instead of adapting the country to its payment capacity it is drowning its economy. It is also against the intentions of the International Community to help Nicaragua

to overcome poverty and underdevelopment. This is the reason why the Policy Framework Paper (PFP) prepared in April 1994 by the IMF, World Bank and IDB indicated: « Although the continuous rescheduling of obligations on highly concessional terms would cover Nicaragua's exceptional financing needs in 1994-97, the achievement of external viability would require a substantial debt stock reduction from official and commercial creditors and continued concessional support from donors for several years »

In 1991, the Government of Nicaragua requested from the Paris Club a forgiveness of 80% of its debt and it only obtained 50%; today, a substantial part of the external cooperation given to Nicaragua , as we said, is assigned to payments of the debt. I am convinced that this was not a realistic solution.

Following the rules of the game, since 1991, debt service has sky rocketed for Nicaragua. During 1994, Nicaragua paid US\$237 millions, which represents more than 40 percent of the total development cooperation received, and more than 100 percent of the untied liquid aid obtained.

Since the signing of the 1991 Paris Club Agreement, Nicaragua has honoured, month by month, all its debt payment agreements with your



**countries. Yet, in 1992, a significant package of untied external financial cooperation, equivalent to 80 percent of our total exports, which was part of the stand-by program, was withheld by a donor country. Nonetheless, Nicaragua continued honoring its obligations.**

**During 1993, perhaps due to the difficulties of understanding the transition process and its associated costs, it was not possible to conclude the ESAF negotiations. As a result, development aid flows dramatically dropped in more than US\$200 million. Yet, Nicaragua continued servicing its debt, utilizing more than US\$100 million in reserves, instead of financing investments and growth. Fortunately, in 1994, the ESAF was signed, financing was restored, and the result was a vigorous growth of 3.2 percent in 1994, the first year of economic growth in the last ten years.**

**Gentlemen, Nicaragua became again a country that honors its commitments, regardless of the difficulties which they may represent.**

**The Government of Nicaragua has drafted, for its immediate implementation, a global strategy of external debt reduction and rescheduling. The fundamental objective of the strategy is not only to reduce the stock of debt but the annual payments of the debt service as well, to levels compatible with the Gross Domestic Product, with export earnings**

**and with the financial capacity of Nicaragua. This is, in our opinion, a sound macroeconomic proposal.**

**Nicaragua attempts to reduce, between 1994 and 1996, its debt balance from US\$11.7 billion to US\$2.2 billion. This represents a reduction of the debt-GDP ratio from the current 620 percent to approximately 100 percent, as well as a reduction of the debt service to not more than one fourth of export earnings. Achieving this goal will allow the country to guide external resources towards economic growth, social condition improvements, correction of temporary macroeconomic disequilibrium, and speed up structural adjustments of the economy.**

**In order to implement the strategy in a two year term, the Government of Nicaragua has identified five negotiating groups: (1) Paris Club countries, (2) Eastern European countries, (3) Latin American countries and other bilateral creditors, (4) the international commercial banks, and (5) Other institutions.**

**Why the importance to initiate these negotiations with the Paris Club, given that these creditors represent only 14.3% of the total debt balance of Nicaragua?**



**The negotiation with the Paris Club is a central element in the debt reduction strategy of Nicaragua. We must recognize that the existence of this international forum for debt rescheduling, the only one of its kind in the world, can assist with a strong pragmatic message to the rest of our creditors, to the success of Nicaragua's proposed strategy.**

**We believe that a favorable response from the Paris Club will ease the complex negotiations with other group of creditors. As you know, those creditors, aside the multilateral institutions, have not been a priority in the payments of the debt nor do they represent now an alternative external financial resource for Nicaragua.**

**However, the bilateral and the commercial creditors amount to more than 67.2 percent of the debt and turn Nicaragua into a hyper-indebted nation, and a hyper-indebted nation is not attractive to inverstors. You have pointed to us in different occasions that, in order to aliviare poverty conditions, one requires new investments to increase the levels of employment and production.**

**It is not possible to attract foreign investments, including repatriation of capitals, for a country that shows a debt per capita of US\$2,800 and, at the same time, an income per capita of US\$450. It is contradictory to attract**

real foreign investments flows to modernize the productive apparatus, increment production, increase competitiveness, and fight poverty in a low income country that is so severely indebted.

The first step to eliminate the external debt problem of Nicaragua is the negotiation of exceptional agreements with the Paris Club. We consider of paramount importance the reduction of the total stock of the debt in a percentage not lower than 80 percent of its total nominal value. This would leave Nicaragua in a much realistic position to overcome the debt problem. At this time, however, informal consultations with some members of the Paris Club have expressed that time is not ready yet to discuss stock reduction. In this context, the Government of Nicaragua presents the following requests:

- (a) To the governments of the Paris Club Members we request the total forgiveness of the Official Development Assistance (ODA) debt, as it has already been done by several countries.
- (b) In commercial public debt, an 80 percent reduction of arrears and of the current maturities from April 1, 1995 through June 30, 1997, including debt previously rescheduled in 1991, and the possibility to obtain more concessional terms in the bilateral negotiations.



**(c) Interest rates will be determined bilaterally. Nicaragua requests that moratorium interests accrued during the consolidation period be deferred over a period of 3 years.**

**(d) The commitment of the Paris Club to grant Nicaragua any additional concessional treatment which is approved during the consolidation period and to consider stock reduction at the end of the period.**

**In closing, I would like to call your attention to these thoughts:**

**We are convinced that the efforts made in recent years to eliminate domestic and external imbalances have yielded positive results. While temporary events and circumstances might have provoked departures from quantitative targets in the past, the Government has reacted promptly by implementing the corrective measures necessary to attain the broader macroeconomic objectives, often at the expense of longer-term objectives.**

**The Government of Nicaragua believes that additional adjustments are needed. We are committed to consolidating the stabilization process, laying the basis for economic growth, and devoting appropriate consideration to the social cost of adjustment.**

**The domestic discipline required for the comprehensive political and economic transformations of Nicaragua is of outmost importance.. Such discipline would call for extraordinary efforts in the strongest of societies, and is even harder to generate and maintain in a more fragile one which has undergone extreme sacrifices in recent years. The Government of Nicaragua is committed to this program as the only answer to protecting peace and consolidating democracy. However, we are also aware that the country's medium-term balance of payments viability hinges on the willingness and ability of the international financial community to both provide substantial concessional assistance, and recognize Nicaragua's exceptional need to reduce its external debt burden.**

**The recent meeting in Naples of the G-7 group and its concluding announcement of a case by case approach for poor highly indebted nations, has given us great hope. By all debt indicators, as well as by the success achieved in stabilization, transition, adjustment, Nicaragua is the best case for providing truly exceptional debt relief treatment. No other country has shown the determination to cope succesfully with their problems under the most adverse political circumstances.**



**The recognition of the unique circumstances that surround Nicaragua's case and the resulting actions from the international financial community can transform the present critical situation of excessively large debt overhang into a long-term concerted and negotiated solution acceptable to all parties. The Government of Nicaragua wishes to find this consensus as a necessary complement to the sacrifices borne by its people.**

**Thank you very much.**

## NICARAGUA

### PROPOSAL TO THE PARIS CLUB

In view of the unprecedented economic and political transformations undertaken by Nicaragua, and the serious payment difficulties faced by the country, the Nicaraguan Government respectfully requests that the participating creditor countries recommend to their Governments or their appropriate institutions that exceptional debt relief be provided to Nicaragua on the following terms.

#### I. Definitions

A. Cut-off date: October 31, 1988.

B. Elegible debt: means loans extended or guaranteed by the Governments of the participating creditor countries, their export credit agencies or any other official agency or institution, whether these loans were extended to the Republic of Nicaragua, the Central Bank of Nicaragua, any public sector institution, or to a third party under a guarantee of the Republic of Nicaragua or of a public sector institution. Obligations derived from the 1991 consolidation contemplated in the Paris Club Agreed Minute signed December 17, 1991 are also included in the eligible debt.

C. De minimis: SDR 500,000

#### II. Terms

A. Concessional debt: Nicaragua requests the participating creditor countries to recommend to their governments 100 percent forgiveness for the concessional debt.

B. Non-ODA loans:

1. Consolidation period

a) arrears: up to March 31, 1995

b) current maturities: April 1, 1995 to June 30, 1997

2. Eligible debt

a) arrears: 100 percent of principal and interest.

b) current maturities: 100 percent of principal and interest.

c) previously rescheduled debt: 100 percent of principal and interest due in the consolidation period.



3. Reprogramming

Nicaragua requests that 80 percent of eligible arrears, current maturities and previously rescheduled debt be cancelled. The remainder 20 percent will be rescheduled according to the Naples Terms. Additionally, Nicaragua requests that, on a voluntary basis, participating creditor countries be allowed to increase debt relief in the context of the bilateral negotiations.

4. Interest

Interest rates on rescheduled amounts will be determined bilaterally. Nicaragua requests that moratorium interest accrued during the consolidation period be deferred to be paid in ten equal and successive semi-annual instalments, the first one to be made on March 31, 1998.

III. General considerations

1. In the event that the Paris Club grants more favourable repayment terms to other countries during the consolidation period, they should be granted automatically to the debts consolidated and reprogrammed under the terms of this agreement.
2. In the event that any short term debt exist, it should be rescheduled under the terms of the Paris Club Minute of December 17, 1991.
3. The Government of Nicaragua request the participating creditor countries meet to consider the matter of Nicaragua's stock of debt after June 30, 1996.

March 21, 1995.

**THE RESOLUTION OF THE DEBT OVERHANG PROBLEM  
A COMPREHENSIVE PROPOSAL  
MARCH, 1995**

**THE GOVERNMENT OF THE REPUBLIC OF NICARAGUA**



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## **Introduction**

During the 1980s, Nicaragua experienced the most severe crisis of its history. The civil war created a divided and polarized society. Misguided economic policies led to a sharp drop in economic activity and unprecedented rates of inflation. Excessive state intervention including controls on foreign and local trade, prices, and the financial system, and expropriations and confiscations generated a climate of insecurity and stymied private sector activity. The large fiscal deficit financed with inflationary Central Bank emissions, multiple and highly overvalued exchange rates, and the lax credit policy, led to highly distorted allocation of resources, hyperinflation, the collapse of exports, and a sharp reduction in the standard of living.

When the government of President Chamorro took office in April 1990, it initiated a transition process on three fronts: from war to peace; from an authoritarian political system to democracy; and from a highly centralized economy with hyperinflation to a market economy with stability. Since then, Nicaragua has progressed substantially on all three fronts: the country is now at peace; democratic institutions have grown stronger; and inflation has been brought under control and bold measures have been taken to re-privatize and open up the economy.

Despite the progress made to date, serious challenges remain. Among the most important challenges are the acceleration of economic growth and the reduction in the high levels of unemployment and poverty. Without significant progress in these areas, the hard won peace and the incipient democratic process will continue to be in peril, and could be reversed. Thus, it is urgent to create the conditions for renewed private investment in the country, both domestic and foreign, as well as to concentrate the bulk of public resources on the social sectors and the reconstruction of the country's battered infrastructure. A comprehensive solution to the heavy debt overhang problem inherited from the 1980s is crucial to economic recovery and, therefore, to ensuring a lasting peace with democracy. After a brief review of progress made to date and an evaluation of prospects, this report presents to the international community and friendly governments a proposal to resolve, in a comprehensive manner, Nicaragua's external debt problem.

## **II. RECENT DEVELOPMENTS AND PROSPECTS**

President Chamorro's priorities upon taking office were to stop the civil war and restore civil liberties, to stabilize the economy while establishing a safety net to protect the poor, and to promote a more open and competitive market economy. Significant progress has been made in all of these areas.

At present, no irregular armed groups remain active in the country. The size of the army has been reduced from 97,000 men in April 1990 to 11,000 men as of December 1994. A new Military Code has been approved by the National Assembly and signed into law, which subordinates the military forces to civilian authority. President Chamorro recently appointed a new army commander. Democratic institutions have been strengthened and civil liberties in the areas of freedom of information, expression, association, and economic initiative are duly respected.



## A. Economic Stabilization

The Government's priority on the economic front was to achieve macroeconomic stability. To support these efforts, the Government reached a series of policy-based agreements with the International Monetary Fund (IMF), the World Bank, the International Development Bank (IDB) and bilateral agencies. In June 1994 an Enhanced Structural Adjustment Facility (ESAF) agreement was signed with the IMF. This program is supported by an Economic Recovery Credits with the World Bank and a Public Utility Reform Program with the IDB.

In 1991, after the exchange rate was fixed C\$ 5 per US\$1 and the fiscal deficit was reduced sharply, hyperinflation ceased (Table 1). By the end of 1992 inflation was running at 3.5%. In January 1993, the official exchange rate was devalued by an additional 20% and set on a crawling peg system from then on. By the end of 1994 inflation was at 12.4%.

Table 1 Key Economic Indicators, 1990-94

CONCEPTS	1990	1991	1992	1993	ACTUAL 1994	ESAF 1994
Inflation Rate (%)	13,490.3	865.6	3.5	19.5	12.4	10.0
GDP Growth Rate(%)	-0.3	-0.2	0.4	-0.1	3.2	2.0
Current Balance 1/	32.3	49.0	59.9	49.0	48.0	48.0
Overall Balance 1/	46.6	48.1	58.9	49.0	63.0	65.3
Central Bank Losses 1/	-1.9	-0.7	-1.1	-1.4	-0.6	-0.9
BOP Current Account 2/	-729.4	-854.0	-1,105	-883.0	-863.2	-851.0
Net Foreign Reserves 2/	88.6	121.4	105.6	5.5	70.9	50.5

1/(% of GDP)

2/US\$ Millions

Source: Central Bank and Ministry of Finance

GDP remained virtually stagnant from 1991 through 1993. However, GDP is estimated to have grown 3.2% in 1994. Total consumption increased 1.4% and Investment grew 12.8%. Growth in the rest of the economy has compensated for an accumulated 15.6% real decrease in income from Government activities, due to fiscal sector adjustment.

Significant fiscal adjustment has taken place. Central Government current expenditures (excluding interest payments) have been reduced from 42.5% of GDP in 1990 to 15.3% in 1994 (ESAF target: 16%). In the same period, Central Government revenues went up from 15.2% of GDP to 19.8% (ESAF target for 1994: 21.1%), mainly through improvements in tax administration and control of evasion. Central Government current account balance before interest payments increased from a deficit of -27.3% of GDP in 1990 to a surplus of 4.4% GDP in 1994 (ESAF target: 5.1%). The combined deficit of the non-financial public sector (NFPS) including Central Bank losses declined from 65.0% of GDP in 1990 to 7.4% in 1994 (ESAF target :9.7%)



These encouraging fiscal developments resulted from a major tax reform and a sharp reduction and rationalization of Government expenditures. In early 1990, the tax system was overhauled by eliminating many taxes that had high administrative costs and very little yield. At the same time the income tax base, general sales taxes, and import duties base were enlarged and their rates reduced. More recently, the Government introduced additional tax measures including: (a) a reduction in import duty exemptions (including those applicable to government entities); (b) a widening of the tax base for taxes on luxury consumption; (c) an increase in fees charged for the issuance of visas, passports, driver licenses, and the licensing of forestry activities; and (d) stiffer penalties for tax evasion and traffic violations. In June 1994, the Government adopted a mechanism of monthly adjustments in gasoline prices, aimed at keeping these prices unchanged in U.S. dollar terms; these adjustments are now being made weekly. In addition, public utilities are adjusting their tariffs periodically and have taken actions to recover arrears and improve collections. The Government is also implementing administrative measures to increase revenue from the general sales tax outside the Managua area, which yields currently over 90% of total sales tax revenues. Selective fees for some education and health services, in accordance with capacity to pay, are also being introduced.

Finally, at the end of 1993, the Central Bank implemented measures aimed at reducing its losses including a fee on foreign exchange transactions, raising interest rates on discount lines to market levels, and instituting an automatic mechanism to recovery credits.

After a drop of 15.2% in 1991 (due mainly to general unrest in 1990), export volume grew 27.7% from 1991 to 1994, while the dollar value of exports increased 26.1% in the same period. Export growth has taken place mainly in meat, seafood, and non-traditional products (which now amount to more than the average value of cotton exports in 1985-92). The recent rebound in export prices (especially for coffee) and better conditions in the countryside has improved significantly the export performance for 1995. The ratio of imports to GDP went up from 38.9% in 1991 to 41.8% in 1992, but it has since decreased to 37.7% of GDP in 1994. Overall, the trade deficit has been reduced from US\$ 547.8 million in 1992 to US\$ 374.5 million in 1994.

The foreign reserve position of the Central Bank has been tight throughout the last four years. During 1993, net foreign reserves fell by US\$ 100.1 million, as the Government continued serving its foreign debt and strived to maintain price stability in spite of the decrease in international financial assistance. This was due to delays in reaching a medium-term agreement with the IMF. During 1994, net foreign reserves have recovered by US\$ 65.4 million (ESAF target: US\$ 45.0 million). However, the gross reserve position, equivalent to 2.4 months of imports, remains very fragile.

Nicaragua has benefitted from generous amounts of official grants, which totalled US\$ 1,660.7 million during 1990-94. However, grant aid as a percentage of GDP has decreased sharply from 28.7% of GDP in 1991 to 21.5% in 1993 and 9.3% in 1994. Net cash flow (i.e., cash or non-tied disbursements minus debt service) from bilateral and multilateral debt has also decreased, becoming negative in 1993, and recovering somewhat in 1994. Total net cash flow (official grants and loans) in 1994 fell short by US\$ 16.6 million from the ESAF program target. The decline in official financing has been compensated in part by an increase in private financing and the reduction in the trade deficit. After



clearing the arrears with multilateral creditors and a first round of negotiations with the Paris Club in 1991, Nicaragua has been serving its debt in a current fashion.

To minimize the social cost of the adjustment and facilitate the reintegration to productive activities of demobilized former soldiers and resistance fighters, the Government created several emergency programs. Among these are the Emergency Investment Social Fund (FISE) and the National Reconciliation and Rehabilitation Program (PRRN). Also, the share of social expenditures in the Government budget was increased, and a new Ministry for Social Action (MAS) was created in January 1993 to coordinate the Government's social sector agenda.

## **B. Structural Reforms**

The Government has initiated a far-reaching program of structural reforms to establish a competitive market economy. State monopolies in production, domestic and foreign trade, and banking, as well as price controls and a host of other restrictions introduced during the preceding decade, were eliminated.

The trade regime was opened up and rationalized. New legal frameworks for export promotion, industrial free-trade zones, and private foreign investment were enacted. The rate structure and the administration of taxes were simplified and improved. Virtually all production and service enterprises previously in state hands have been privatized, and steps have been initiated for the privatization of public utilities.

### **a. External Trade**

Since 1991, the Government has made substantial progress in the area of foreign trade liberalization: most non-tariff import barriers have been eliminated; nominal protection has been reduced from an average of 43.2% in January 1990 to 14.5% in 1994; and the top tariff rate has been set at 40%. The Selective Consumption Tax (ISC) and the Luxury Consumption Tax (IBS) were replaced in April 1994 by a Temporary Protection Tariff (consisting of three rates, ranging from 5 to 15%, which will be gradually phased out during the 1994-1999 period) and a Specific Consumption Tax without discriminating against imports. The previous cascading of taxes on imports was eliminated at the same time.

In addition, as agreed with the Central American Common Market (CACM) partners, the Temporary Protection Tariff and Stamp Duty will be reduced gradually from the present range of 10-40% to 10-20% by the end of 1999. In June 1995 the Government will formulate a proposal for replacing the existing fiscal incentive mechanism for exporters with an automatic drawback system.

The exchange rate will be kept under close surveillance in order to avoid its appreciation in real terms, promote international competitiveness, and strengthen the balance of payments. In accordance with the ESAF program, the unification of the official and free exchange markets is expected by June 1995. The market rate has been following closely the official rate, with a differential of less than 1% in recent months.



## **b. Public Sector**

The Government has initiated a public sector reform program supported by the World Bank, IDB, USAID and UNDP. This program focuses on: (i) the restructuring of public sector institutions, including the merger or closure of some, to render them more efficient in the provision of services that will remain within the purview of the state; (ii) improvement of budgetary and financial management; (iii) decentralization of services through an increase in the autonomy and accountability of local government and communities; (iv) strengthening of the Judicial and Legislative Branches of the Government; and (v) civil service reform. Government policies are also being made more transparent and less discretionary in order to improve the climate for private sector activity. Since June 1994 all changes in tax, trade, pricing, and regulatory policies follow stricter publication procedures while the powers of individual ministries to modify these policies as well as to create commercial enterprises that compete with the private sector have been abrogated.

Major reforms have also been introduced in the social sectors. In 1993, the Government initiated a decentralization of the administration of hospitals, state clinics, and elementary and secondary schools, and began promoting a greater municipal, community and private sector participation in the education and health sectors. The National Social Security Institute (INSSBI) is separating the administrative, financial and budgetary aspects of its services and has initiated the "privatization" of the delivery of its services.

## **c. Financial Sector**

During 1990-93, significant steps were taken to liberalize the financial system and promote a more efficient financial intermediation: the state monopoly on commercial banking was eliminated; a Superintendency of Banks was created; ten private banks (which now account for 54% of the banking system deposits) were authorized to operate and the remaining state-owned banks were restructured and recapitalized. In addition, interest rate controls were eliminated and the Central Bank changed its lending policy by no longer directing its credit to pre-determined sectors and favoring state-banks. These past practices resulted in a substantial accumulation of non-performing loans, reflected in large quasi-fiscal deficits.

In 1994, the Government continued to focus on enforcing strict credit discipline, reform the state banks, and strengthen the Superintendency of Banks. The law chartering the National Development Bank (BANADES) was revised. With IDB assistance BANADES is implementing a medium-term plan to improve the efficiency and profitability of its loan portfolio. Also, BANADES is following an action plan prescribed by the Superintendency of Banks in order to comply fully by mid 1996 with the Superintendency's prudential norms. With World Bank assistance, the Bank of Nicaragua (BANIC) is implementing an action plan to audit the loan portfolio, improve loan collections, cut operating costs, and reduce loan concentration in a few industries. There have been recent management changes in both banks which are expected to operate under the same regulations applied to private banks. They will not be recapitalized with public resources. Also, revaluation of their assets will be permitted only to cover loan provision requirements, once the capital adequacy ratio has reached its stipulated minimum, or to cover severance costs arising from workforce reductions.



Finally, the Nicaraguan Investment Fund (FNI) was restructured as a second-tier bank specialized in long-term lending. Efforts are being made to strengthen the FNI's loan recovery procedures, and the Government cleaned up its loan portfolio during 1994 and it is recapitalizing the institution by July 1995.

The Central Bank has consolidated its rediscount policy limiting the facility to loan recoveries. Accordingly, bank credit expansion depends on the banks' ability to mobilize additional resources. In the case of FNI incremental Central Bank financing is strictly limited to the on-lending of resources provided by external creditors. Interest rates on commercial bank loans and deposits will continue to be kept free of controls while Central Bank interest rates will continue to be set as an average of market rates (30-day deposits rates plus one quarter of a percentage point, subject to the maintenance of value clause).

The rapid growth of private banking and the need to enforce more prudent behavior among the state banks underscore the importance of a well-functioning autonomous Superintendency of Banks. Since its creation in 1991, the Superintendency has made progress in the development of its organizational structure, in the preparation of adequate prudential norms and the supervision of banks. Several of these norms were revised and reissued in April 1994, and a new accounting system conforming to international practices was completed. The Government presented draft legislation to the National Assembly in order to increase the ceiling on penalties for non-compliance with prudential norms or instructions issued by the Superintendency. Also, the FNI and the Nicaraguan Insurance Institute (INISER) will be included in the Superintendency's inspection program. By mid-year 1995, the Stock Market will also be included and a centralized management information system on debtors in the financial system is being explored.

#### **d. Privatization**

Significant progress has also been made in privatizing the array of public enterprises inherited from the previous regime. Virtually all of 351 state enterprises administered by CORNAP have been privatized.

In addition, several enterprises under the ministries have been either closed or privatized. With the support of IDB, the Government has also initiated a program to privatize the major public utilities. A decree to authorize the sale of 40% of the telecommunications company (TELCOR) is in the National Assembly. It also involves granting a management contract to the winning bidder. The restructuring of the electricity company, INE, has been initiated. In a first phase, two entities have been created: a new planning and policy body, and an electricity enterprise (ENEL) which is expected to operate on a commercial basis. In a second phase, a new regulatory body will be created and private sector participation in the sector encouraged.



### **e. Property Rights**

The Government is fully aware that the resolution of the property issues inherited from the previous regime is crucial both for national reconciliation among Nicaraguans, as well as for the recovery of domestic and foreign investment. The property conflict not only raises difficult legal issues but affects the real or perceived rights of different groups. After a thorough review of the causes of existing delays in program implementation, the Government has recently prepared a short-term action plan to resolve, through improved administrative procedures, the pending claims related to properties transferred during February-April 1990. According to the plan, all cases regarding the transfer of houses and agricultural property during that period must be resolved before June 1995, while cases involving urban lots must be resolved by June 1996. The National Review Commission will have analyzed and extended compensation offers or, if possible, returned the properties claimed by 5,420 plaintiffs no later than June 1996. To ensure that the process runs according to schedule, the Government set up an inspection mechanism to verify the proper application of the established procedures and to correct cases of non-compliance.

Additionally, the Government intends to promote mechanisms to accelerate the judicial process in solving property claims. Finally, to oversee the implementation of the program, a new vice-ministry has been created in the Ministry of Finance. The Government is receiving support from the IDB to implement the action plan.

With regard to compensations, the Office of Compensation was created, and a bond compensation system was introduced. The compensation payments will be financed with 15-year bonds denominated in cordobas, with a maintenance of value clause tied to the US Dollar, and backed by the proceeds from the privatization of state-owned enterprises. A presidential decree established that the proceeds from the partial privatization of TELCOR and other state-owned enterprises will be used for this purpose. Furthermore, the Government is studying other options to increase the market value of the compensation bonds. These options will be implemented by June 1995, after a careful revision to ensure consistency with the fiscal objectives of the program. As of December 31, 1994, US\$175.5 million in compensation bonds had been issued, of which 28.8% have been redeemed.

With regards to the regularization of agrarian reform properties, the Government has initiated a massive land titling program with the support of the World Bank, which also includes the modernization of the property registry.

### **f. Labor Market**

The labor legislation inherited from the previous regime is not conducive to promoting an efficient and flexible labor system that can lead to job creation and increases productivity. The National Assembly has discussed reforms to the Labor Code. In this context the Government will support reform initiatives aimed at: i) allowing the temporary contracting of employees as an important step in reducing obstacles to labor mobility; ii) developing strike regulations equitable for both sides; iii) reducing the amount of universal benefits; and iv) strengthening the Labor Ministry's authority in resolving labor disputes.



### C. Prospects

The ESAF guides Government policy for the next three years (Table 2). Its main macroeconomic objectives are: (i) to increase GDP growth to 4.5% 1996-97; (ii) to reduce inflation to about 5% by 1997, and (iii) to strengthen the reserve position of the Central Bank to the equivalent of at least 3.5 months of imports by the end of 1997. The achievement of these objectives depends critically on further strengthening public sector finances while further increasing credit discipline.

Table 2. Economic Prospects, 1995-97

CONCEPTS	ESAF		
	1995	1996	1997
Inflation (yearly average, %)	8.4	6.5	5.2
GDP Growth (%)	4.0	4.5	4.5
Current Balance (% of GDP)	-31.3	-30.8	-27.1
Overall Balance (% of GDP)	-28.0	-22.0	-23.5
Central Bank Losses (% of GDP)	-0.4	0.0	0.0
BOP Current Account (US\$ millions)	-587.0	-615.0	-578.0
Net Foreign Reserves (US\$ million)	85.5	110.5	115.5

Source: Central Bank and Ministry of Finance

The program calls for increasing public sector savings (after interest payments) from 1.9% of GDP in 1993 to 7.2% of GDP in 1996. To reach this level of savings, a series of measures will be implemented during the next few years, including additional reductions in indirect tax exemptions; full implementation of the general sales tax as a value added tax with a uniform rate; the imposition of administrative measures to broaden the base of the income tax; and the strengthening of tax enforcement, particularly outside of Managua.

Additionally, the Government will increase the number of inspectors assigned to external auditing to reduce tax evasion, introduce stricter control systems on autonomous state entities, and implement an effective system of control on large taxpayers. The improvements in tax and customs administration are being supported by technical assistance programs from the IMF and IDB.

Expenditure-reducing measures include strengthening the implementation of a voluntary employment reduction program ("Programa de Movilidad Laboral"). The target is to reduce public employment by 13,500 or about 13% of total public sector employment over the 1994-96 period. The target for 1994



was a reduction of 7,000 public sector employees, but the actual figure was 3,602 by December. This resulted from the lack of financing for the program and the delay in privatizing TELCOR. The Government expects to accelerate the implementation of this program in the context of the Public Sector Reform Program supported by the World Bank. In addition, the ESAF program contemplates a freeze in public sector wages and salaries, the closing or streamlining of certain government entities, and a further reduction in the number of military and internal security personnel by about 600 positions (697 army members were retired in 1994).

Non-interest current expenditure is expected to decline further by 2 percentage points of GDP in 1995, through the continued implementation of the voluntary employment reduction program; the maintenance of the freeze on public sector wages and salaries; the constraint of pension payments; a lowering of expenditures in some Ministries; and the non-recurrence of some extraordinary outlays. Also, the Government intends to review total education expenditures, which represented 19% of the Central Government Budget in 1993, with the aim of giving greater priority to elementary education and reducing subsidies to secondary and higher education.

The Government efforts have started paying off. After years of economic decline or stagnation, GDP per capita increased in 1994 for the first time in many years. The Government is committed to continue to pursue sound macroeconomic policies within the framework of the ESAF and to accelerate structural reforms. If the debt overhang problem is resolved, it is expected that the incipient economic recovery can accelerate and the country's creditworthiness will be significantly improved.

## II. EXTERNAL DEBT SITUATION

### A. Background

Nicaragua's overwhelming need for external resources to finance development leave the economy with a very limited capacity to honor its external debt obligations. The country's debt indicators give clear evidence of the magnitude of the problem. The contractual external debt, estimated at US\$11,700 million at December 31st, 1994, is approximately equivalent to more than six times the Gross National Product (GNP) and more than thirty times the value of total exports. The World Debt Tables 1993-1994 reports that severely indebted low-income countries (SILICs), on average, have a debt stock 1.2 times the size of GDP and 4 times their exports, considerably lower than Nicaragua's indicators.

This debt with its excessive indicators, leaves our country the most indebted in the world on a per capita basis and in relation to GNP and exports, showing per capita indicators of US\$2,800 of indebtedness and US\$450 of annual income. Clearly the debt overhang is one of the most important limitations for the future development of Nicaragua.

Updated figures for December 31, 1994 show that Nicaragua's total debt stands at US\$11,700 millions. The largest component of this debt is bilateral, at US\$8,342 millions or 71 percent of the total of that amount; US\$1,672 millions or 14.3 percent is owed to Paris Club member countries, and US\$6,670 millions or 57 percent to other bilateral creditors. Liabilities to **commercial banks** account



for US\$1,728 millions or 14.8 percent and debt to **multilateral organizations** account for US\$1,472 millions or 12.6 percent of the total. The amount owing to **suppliers and other creditors** represents US\$158 millions or 1.3 percent.

These extremely difficult conditions burden the Nicaraguan economy in three additional ways: first, the country's external obligations are mostly public, which places further pressures on the Government's austere finances, or would otherwise demand huge transfers from the private sector to the public sector; second, Nicaragua cannot afford a passive growth of its debt stock through the accumulation of arrears of interest, and third, Nicaragua's debt restricts its ability to obtain the resources needed for development by surpassing the limits of creditworthiness usually applied by multilateral and bilateral institutions and private financing sources. Consequently, the solution to Nicaragua's debt overhang lies in major reductions in the stock of debt with most creditors.

## **B. Medium Term Financing Constraints**

Nicaragua's Policy Framework Paper 1994-1997 (PFP) indicates that based on the continuation of the fiscal consolidation process and the intensification of structural reforms, the current account deficit (excluding interest obligations) is projected to narrow from 24 percent of GDP in 1993 to 16 percent of GDP in 1997.<sup>1</sup> Exports are projected to grow at an average rate of 11 percent through 1997, and imports are projected to increase at a 4.5 percent rate in the period 1995-1997.

Contractual interest payments represent an average of 12 percent of GDP for the period 1995-1997, and contractual debt service is equivalent, on average, to 160 percent of exports of goods and non-factor services for the same period.

1) Nicaragua: Policy Framework Paper 1994-1997 SecM94-555, The World Bank, May 31, 1994

Nicaragua: Medium Term Balance of Payments  
(In millions of US\$ Dollars)

	Prel.		Est.	Projections				
	1993	1994	1995	1996	1997	1998	1999	2000
Current account	-882.8	-863.2	-553.4	-633.0	-617.0	-623.0	-601.0	-565.0
Excluding interest due	-458.3	-401.0	-349.2	-379.0	-388.0	-393.0	-371.0	-337.0
Trade balance	-411.6	-374.5	-327.2	-372.0	-387.0	-401.0	-390.0	-369.0
Exports, f.o.b.	267.0	343.5	457.3	468.0	487.0	508.0	558.0	617.0
Imports, f.o.b.	-678.6	-718.0	-784.5	-840.0	-874.0	-910.0	-947.0	-986.0
Nonfactor services (net)	- 71.7	- 56.5	- 57.0	- 44.0	- 42.0	- 37.0	- 29.0	- 19.0
Receipts	94.4	108.1	114.1	119.0	125.0	134.0	145.0	157.0
Payments	-166.1	-164.6	-171.1	-162.0	-188.0	-170.0	-173.0	-176.0
Official interest payments	-424.5	-462.2	-204.2	-254.0	-230.0	-230.0	-230.0	-228.0
Other current transactions	25.0	30.0	35.0	37.0	42.0	45.0	48.0	51.0
Capital account	- 3.9	-261.8	11.4	229.0	115.0	251.0	268.0	276.0
Official (net)	-172.1	-381.4	- 82.0	49.0	-65.0	71.0	88.0	96.0
Official transfers	396.3	386.9	167.9	172.0	172.0	172.0	172.0	172.0
Disbursements	119.7	283.0	406.4	333.0	318.0	318.0	318.0	318.0
Amortization	-688.1	-1051.3	-656.3	-458.0	-555.0	-419.0	-402.0	-394.0
Private Capital 1/	168.2	119.6	93.4	180.0	180.0	180.0	180.0	180.0
Overall balance	-886.7	-1125.0	-542.0	-404.0	-503.0	-372.0	-333.0	-289.0
Net reserve change	100.1	- 68.3	-55.0	-43.0	- 2.0	1.0	1.0	- 9.0
of which: IMF (net)	--	24.0	43.0	46.0	27.0	--	--	-8
Net change in arrears (dec)	786.6	-1193.3	--	...	...	...	...	...
Exceptional financing	92	...	...	...	...	...	...	...
C.G./US/Mexico/Venezuela	--	...	...	...	...	...	...	...
Paris Club rescheduling	--	...	...	...	...	...	...	...
Other rescheduling	92	...	...	...	...	...	...	...
Remaining financing gap 2/	--	1125.0	597.0	447.0	505.0	372.0	333.0	298.0
Memorandum items:	(In units indicated)							



Nicaragua: Medium Term Balance of Payments (cont.)

	Prel.		Est.		Projections			
	1993	1994	1995	1996	1997	1998	1999	2000
Current account (in percent of GDP)	-48.9	-48.7	-29.5	-31.6	-28.9	-27.3	-24.5	-21.5
Gross reserves (in millions of US\$)	87.7	112.2	184.4	255.1	287.4	307.6	322.6	328.9
Gross reserves (in months) <sup>3/</sup>	1.3	1.7	2.6	3.5	3.8	3.9	3.9	3.8
Debt service ratio <sup>4/</sup>	290.8	371.5	188.2	150.5	152.5	115.7	102.4	92.2
Interest payments (in percent of GDP)	-23.5	-26.1	-10.9	-12.7	-10.7	-10.1	-9.4	-8.7
GDP in US\$ million	1802.7	1770.6	1873.0	1998.4	2132.2	2285.8	2450.5	2627.1
GDP growth rate	-0.7%	2.0%	3.0%	4.5%	4.5%	5.0%	5.0%	5.0%

1/ Includes medium and long term private capital, short term capital and errors and omissions.

2/ Remaining financing gaps for the program period could be cleared through new rescheduling agreements, including with Paris Club countries under terms at least as concessional as those obtained under the 1991 agreement and, non-Paris Club official creditors under terms at least as favorable as those granted by Argentina, Mexico, Venezuela and other Latin American countries.

3/ Months of imports of goods and non-factor services.

4/ External debt service due, before relief, as a percentage of exports of goods and non-factor services.

The ongoing tasks of stabilization and structural reform described in section 1 above require additional financial resources, in the form of both domestic savings to finance new investment, and foreign exchange to fund the import bill and service external debt obligations.

Due to structural rigidities, however, domestic savings in Nicaragua are, in general terms, insufficient to finance the required investments.<sup>2</sup> Thus, the assurances of financial flows from abroad on a predictable and sustained basis are critical to underwrite the adjustment and growth programs.

During the last four years, the Nicaraguan Government has sought external financing primarily from official and multilateral sources. The international financial community has understood the far-reaching economic and political transformations that Nicaragua has undertaken and has responded accordingly.

Substantial aid flows notwithstanding, Nicaragua's debt overhang, together with its overwhelming need of external resources to finance a moderate growth rate of 4 percent for the next three years, leave the economy with a very limited capacity to honor its external debt obligations.

In order to break this pattern so that the country can regain a satisfactory and sustainable rate of growth, the external debt situation must be addressed in such a way that the level of debt service payments does not hamper the domestic adjustment effort.

Acknowledging this situation, the PFP states that

"Filling the exceptional financing needs for 1994-95 would require the concessional rescheduling of debt service obligations for Paris Club creditors, and the rescheduling of arrears and current obligations to non-Paris Club official bilateral creditors on terms comparable to those already obtained from certain Latin American countries, which provided for debt cancellation equivalent to 90-95 percent in present value terms."

Moreover, the World Bank's most recent Country Economic Memorandum adds,

"Virtually total forgiveness will have to be obtained from bilateral creditors and commercial banks in the level of debt is to reach manageable levels. Settlement of the debt question is key to a healthier economic environment for Nicaragua. Having a debt level that is impossible to service provides an added source of uncertainty for the private sector...."

Medium-term balance of payments projections show that, in order to obtain an adequate resources for development, debt obligations must be managed in a way such that yearly interest payments do not exceed 4 percent of GDP.

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2 Overall domestic savings declined sharply from positive 0.8 percent of GDP in 1990 to negative 16.7 percent of GDP in 1992. See Nicaragua: Country Economic Memorandum, Report No. 12066-NI, The World Bank, February 2, 1994, p.13.



**Nicaragua: Medium Term Balance of Payments with Debt Reduction**  
(In millions of US\$ Dollars) 1

	Prel.		Est.	Projections				
	1993	1994	1995	1996	1997	1998	1999	2000
Current account	-882.8	-863.2	-424.2	-459.0	-473.0	-484.0	-469.0	-442.0
Excluding interest due	-458.3	-401.0	-349.2	-379.0	-388.0	-393.0	-371.0	-337.0
Trade balance	-411.6	-374.5	-327.2	-372.0	-387.0	-401.0	-390.0	-369.0
Exports, f.o.b.	267.0	343.5	457.3	468.0	487.0	508.0	558.0	617.0
Imports, f.o.b.	-678.6	-718.0	-784.5	-840.0	-874.0	-910.0	-947.0	-986.0
Nonfactor services (net)	- 71.7	- 56.5	- 57.0	- 44.0	- 42.0	- 37.0	- 29.0	- 19.0
Receipts	94.4	108.1	114.1	119.0	125.0	134.0	145.0	157.0
Payments	-166.1	-164.6	-171.1	-162.0	-188.0	-170.0	-173.0	-176.0
Official interest payments	-424.5	-462.2	- 75.0	- 80.0	- 85.0	- 91.0	- 98.0	-105.0
Other current transactions	25.0	30.0	35.0	37.0	42.0	45.0	48.0	51.0
Capital account	- 3.9	-261.8	542.7	564.0	533.0	537.0	520.0	512.0
Official (net)	-172.1	-381.4	449.3	384.0	353.0	357.0	340.0	332.0
Official transfers	396.3	386.9	167.9	172.0	172.0	172.0	172.0	172.0
Disbursements	119.7	283.0	406.4	333.0	318.0	318.0	318.0	318.0
Amortization	-688.1	-1051.3	-125.0	-131.0	-137.0	-143.0	-150.0	-158.0
Private Capital	168.2	119.6	93.4	180.0	180.0	180.0	180.0	180.0
Overall balance	-886.7	-1125.0	118.5	105.0	60.0	53.0	51.0	70.0

1. BOP based on the assumptions of debt reduction stated in pages 18 and 20.

Based on these and other considerations, the Government undertook a reassessment of Nicaragua's debt strategy which has led to attempts to find solutions with a longer term perspective.

### **C. Significance of the Problem and National Consciousness**

#### **a. Consciousness of the Problem**

Although in Nicaragua there still persist some political and social discrepancies originating primarily from last decade's warfare, when it comes to the debt subject, all sectors of society agree on the crucial importance of this problem and the urgent necessity of solving it.

Since Nicaragua cannot honor a debt of this magnitude, immediate implementation of this program is necessary to reduce the external debt to levels compatible with its payment capacity. This will allow Nicaragua stabilize to its external financial relationships and strengthen its foreign trade.

The negotiations during the last four years have reduced, in terms of Net Present Value, approximately US\$ 1,800 million of our external debt, that is, US\$ 450 per inhabitant, but new disbursements and late interest charges keep the debt per capita at US\$ 2,800. Therefore, it is evident that all of these efforts have not been sufficient and are only a starting point to achieve the required reduction.

In order to find a real and lasting solution to this serious problem, the Nicaraguan Government, supported by all national sectors, initiated contacts in 1994 with International Financial Institutions and some friendly countries, seeking advice and support to improve and implement a strategy of massive reduction of the external debt.

Internally, the operative structure of this action has already been sharply defined, and now we are receiving technical and financial support from the IDB , the Swedish Government and Spain.

At present, we are working on a medium to long-term development program, from which we expect to quantify and better organize the country's future investment flows and the external financial needs.

#### **b. Self-constraint in Credit.**

Due to the indebted condition of Nicaragua, it is not possible, nor is it advisable, to finance governmental projects through credits with conditions that are not highly concessional. Donations are preferable. The Government will not approve credits to finance projects which does not generate revenues in amounts that would ensure servicing of these financial obligations.

In order to guarantee a rational and sustainable debt that can be served in the future, an agreement was signed with the IDB in october 1994 to finance a partial restructuring of the Ministry of Finance. This includes the creation of a General Division of Public Credit, which will have legal and



institutional rules, as well as the necessary technical support, to contract new obligations in an orderly and effective way. Such Division will begin functioning during 1995.

### **c. International Support**

An operation of such importance and with goals as ambitious as the ones to be described, must have exceptional support from the International Financial Institutions, from the donor community and from its own creditors.

Nicaragua has started important efforts to search for support for the operation, and the results have been highly positive. To mention three important ones, we have the political, financial and technical aid of the IDB, the Swedish and Spanish Governments to develop an overall strategy; assistance from the World Bank to find a solution to the debt with private commercial banks; and support from several friendly countries that are giving advice and are promoting a reduction from the Paris Club in accordance with both current resolutions and the promise made to Nicaragua in this forum in December 1991.

## **III. AN EFFICIENT AND FAIR NEGOTIATION STRATEGY**

In 1994, under the direct mandate of President Violeta Barrios de Chamorro, the Ministry of External Cooperation, through discussions with national and international entities, developed a realistic renegotiation strategy designed to reduce the external debt, and with a new dynamism for each group of creditors, to give Nicaragua a sustainable debt burden for the short term.

The strategy includes a declaration of principles on which all actions are based, and a program of objectives in accordance with the financial needs, all divided among five different groups of creditors, in an attempt to fulfill all fronts of negotiation in accordance with item six of the declaration of principles, of the strategy, which involves an equitable sharing among creditors.

### **1. DECLARATION OF PRINCIPLES**

**1st. The implementation of an overall debt reduction to reach a sustainable solution should be based on equitable burden sharing among creditors, in terms of their overall financial contribution.**

**2nd. A continued commitment is needed to macroeconomic stabilization and trade incentive reforms to ensure sustainable growth and a lasting solution to the debt problem.**

**3rd. Export growth can be an important contributing factor to Nicaraguan debt sustainability, but even with good performance, given the magnitude of the debt overhang, export growth alone is unlikely to solve the problem.**

**4th. All new financing for Nicaragua should be provided only on grant or highly concessional loan terms by both bilateral and multilateral creditors.**

**5th. Debt reduction and concessional new money play complementary roles in achieving a sustainable solution.**

**6th. The key to sustainable debt restructuring is a target outcome, not a fixed percentage of debt reduction.** The case-by-case analysis can provide Nicaragua with the extent of debt relief needed, whereas a fixed percentage may be too much or clearly not enough.

**7th. Since bilateral debt accounts for 71 percent of the debt stock of Nicaragua, reducing the bilateral debt overhang and ensuring adequate new flows of grants must be a central element of the debt strategy.**

**8th. Multilateral institutions have an important role in contributing to a resolution of the debt problem, through:**

- technical assistance to the national negotiation team
- provision of new money only on concessional terms
- use of some mechanisms to reduce debt-servicing costs of non concessional debt
- use of special facilities and packages to clear arrears or buy-back operations of the commercial debt

## **2. FRONTS OF NEGOTIATION**

### **i. Renegotiation with the Paris Club**

-Renegotiation of Pre-Cut-Off-Date debt with the Paris Club, based on a case-by-case analysis to allow a reduction according to the request and needs presented by Nicaragua before this forum

### **ii. Cancellation of private bank debt**

-Cancellation, through a buyback facility financed by International Financial Institutions. This operation is in progress

### **iii. Renegotiation of the debt with Eastern Europe**

-A reduction of 95 of the stock of the debt to Eastern European creditors. Nicaragua will make a request for international aid to finance these operations

### **iv. Cancellation of Latin American and other bilateral debts**



-Carry out negotiations with Latin American countries and several other creditors in order to apply similar terms as those already negotiation with Colombia or Argentina (USA Treasury Zero Coupon Bond type), for which we must count on external financing, either from the creditor themselves or from third parties. At present, we are about to conclude agreements on these terms with Central American countries and negotiating with Brazil

v. Restructuring of the debt with the Central American Bank for Economic Integration (CABEI)

-To refinance with highly concessional funds the service, for the next five years, to CABEI, and to suspend the undertaking of new credit or guarantee those credits of the bank issued in terms of the market, with the objective of reducing debt service to zero during the first five years, as well as to halt the growth of such obligations

The fulfillment of the objectives of the above fronts of negotiation seek to achieve the following estimated projections for 1996:

	<u>1994</u>	<u>1996</u>
<b>External debt /GNP</b>	6.6	1.0
<b>External debt/exports</b>	34.0	4.0
<b>Interest on external debt/GNP</b>	0.26	0.04
<b>Interest on external debt/exports</b>	1.3	0.16

To attain the goals planned in this strategy implies an ambitious program of stock reduction, however, it is pertinent to point out that even if these goals are accomplished, the country will remain to have a relatively high external debt at the end of the period.

### 3. OPERATION COST

We are basing this scenario on the following assumptions:

-The Paris Club reduces 80% of the stock with the remainder debt restructured at 30 year term with a 15 years grace period

-"Ex-socialist" countries reduce debt by 95% and the remaining is calculated as if it were paid through financial and commercial operations supported by the international community and an **up-front cost** equivalent to its remaining 5%

-Latin American countries and other bilateral creditors accept cancellation of their credits through Zero Coupon Bonds with forty year terms

-The debt to Private Commercial Banks is totally cancelled through a buyback facility financed 50% by non refundable external resources and the remaining 50% by highly concessional funds (40/10/2%)



The previous assumptions yield the following results for the first five years:

(US\$ MILLIONS)

OPERATION	ANNUAL SERVICE	REDUCED BALANCE	UP FRONT COST
PARIS CLUB	23	550	0
EX-SOCIALISTS	0	0	192
LATIN AMERICA	1	10	70
OTHER BILATERALS	16	134	15
COMMERCIAL BANKS	0	0	80
MULTI-LATERAL	155	1,482	0
<b>TOTAL</b>	<b>195</b>	<b>2,176</b>	<b>357</b>

As is evident, the success of this operation would place Nicaragua in a position of being able to honor its external debt, and its definitive service and balance levels would depend upon the way the financing of the US\$ 357 million cost of the operation is accomplished.



If we assume that of the 357 millions, 280 are financed by donations or other type of non-refundable aid, and that the remaining 77 million is financed with soft resources (40/10/2%) to result in an annual service of US\$ 195 million and a balance of US\$ 2,253 millions that represents a reduction of 80% from the initial stock, which although would not reach the ideal goal, it would be close to it, and would place the country in a financial position significantly more advantageous than the present one.

Finally, as a result of our preliminary efforts, we estimate that the financing could be provided by the following sources:

<b>DONATIONS:</b>	
DONORS COMMUNITY	US\$ 200 MILLION
LATIN AMERICAN COUNTRIES AND OTHER FUNDS	US\$ 40 MILLION
IFT'S (WORLD BANK)	US\$ 40 MILLION
<b>TOTAL DONATIONS</b>	<b>US\$ 280 MILLION</b>
<b>CONCESSIONAL CREDITS:</b>	
INTERNATIONAL FINANCIAL INSTITUTIONS	US\$ 40 MILLION
INTERNATIONAL COMMUNITY	US\$ 37 MILLION
<b>TOTAL CONCESSIONAL CREDITS</b>	<b>US\$ 77 MILLION</b>

Either through this financing mechanism or an alternative one, with international aid Nicaragua will have the financial and economic viability to accomplish this highly necessary operation.

#### **IV. FINAL REMARKS**

The domestic discipline required for the comprehensive political and economic transformations necessary in Nicaragua is of a very high order. Such discipline would call for extraordinary efforts in the strongest of societies, and is even harder to generate and maintain in a more fragile one. The Government of Nicaragua is committed to this program as the only answer to protecting peace and consolidating democracy.

The recognition of the unique circumstances that surround Nicaragua's situation and the resulting assistance from the international financial community can transform the present situation of protracted arrears into a long-term negotiated solutions acceptable to all parties. The Government of Nicaragua wishes to attain this consensus as a necessary complement to the sacrifices borne by its people.

The Government of Nicaragua requests from the member countries of the Paris Club an eighty percent reduction in external debt service payment during the current year. This would tend to reduce the net negative flow of 80.8 million in external cooperation of foreign exchange projected for 1995.



An eighty percent forgiveness of the annual payment of the Paris Club external debt would ease the financial restrictions of the economic program and would create possibilities to renegotiate the debt of Non Paris Club countries under more favorable terms. Such a step would also contribute to finding a definite solution to the financial obligations with Paris Club countries.

Under the current situation, the conditionalities of the ESAF show that if Nicaragua could make use of a larger amount of liquid external resources in comparison to those projected in the triennium 1994-1996, the new resources could be applied only to two objectives: the strengthening of its net international reserves and the financing of investment projects. Nevertheless, taking into account the political problem of the high rate of unemployment (20.7%) and underemployment of the labor force (32.9%) and the need to speed up the corrective process of economic disequilibrium, it is proposed that we direct the liquid external resources released from the payment of the Paris Club debt, to the following objectives:

- a. Increase the level of public investment to ease conditions pending further development of the private sector. In 1994 public investment represented 10.2% of the Gross Domestic Product, the fixed private investment of this sector represented only 4.0% of GDP.
- b. Support the growth of the productive sector by increasing short term credit flows to economic activities, prioritizing flows toward the export productive sector, and paying attention to the basic social needs of the population, especially in the primary health care area.
- c. Conclude the privatization process and reorganization of property rights to increment the confidence level and security of investors. To date, given the transition from a centralized economy to a market economy, privatization in Nicaragua has not produced income to the public sector, on the contrary, it has caused additional expenses.
- d. Continue the reduction of the size of the state, by implementing an effective *Plan de Movilización Laboral*, a very expensive process for the country and one which is not presently financed. In 1994 we fulfilled 30% of our goal of reducing 7,500 job positions in the public sector and we have programed an additional 4,000 for 1995.

Nicaragua met with its Paris Club creditors in December 1991. In this meeting, participating creditors agreed that the country's chronic balance of payments problems, heavy debt burden and low per capita income warranted an exceptional treatment of the debt. This treatment consisted of a 50 percent reduction in the net present value of the eligible debt. Nicaragua met individually with each of its participating 13 creditors and two observers to explain its economic situation and discuss the possibilities of further debt reduction.

## ANEXO

### Terms of the 1991 Minutes of the Paris Club

Below is a summary of the different options and terms of the Agreed Minute of the Consolidation of the Debt of Nicaragua, signed December 17, 1991.

#### Option A:

i.- 50% of the amounts of principal and interest due as of December 31, 1991 inclusive, and not paid on credits and loans (non-ODA) by the Government of Nicaragua and 50% of the amount of principal and interest due from January 1, 1992 through March 31, 1993 inclusive and not paid on credits and loans (non-ODA) by the government of Nicaragua will not need to be repaid by the Government of the Republic of Nicaragua.

ii.- 50% of the amount of principal and interest (including late interest) due as of December 31, 1991 inclusive and not paid, and 50% of the amounts of principal and interest (excluding late interest) due from January 1, 1992 through March 31, 1993 inclusive and not paid on credits and loans (non-ODA) by the government of Nicaragua will be rescheduled or refinanced at a term of 23 years with a 6 year grace period.

#### Option B:

i.- 100% of the amounts of principal and interest (including late interest) due as of December 31, 1991 inclusive and not paid on credits and loans (non-ODA) by the Government of Nicaragua and 100% of the amounts of principal and interest (excluding late interest) due from January 1, 1992, through March 31, 1993 inclusive and not paid on credits and loans (non-ODA) by the Nicaraguan government will be rescheduled or refinanced at a term of 23 years with incremental principal payments. The interest rates and conditions on the rescheduling or refinancing arrangements will be determined bilaterally at the appropriate market rate.

#### Option C:

i.- Option C applies to the Official Development Assistance (ODA) loans extended to the Government of Nicaragua by Participating Creditor Countries.

ii.- 100% of the amount of interest and principal due as of December 31, 1991 inclusive and not paid (including late interest) and 100% of the amounts of principal and interest (excluding late interest) due from January 1, 1992 through March 31, 1993 inclusive and not paid will be rescheduled or refinanced at a term of 30 years with 12 year grace period. The interest rates and the conditions will be determined bilaterally and should be at least as favorable as the concessional rates applying to those loans.



Option D:

i.- 100% of the amount of principal and interest (including late interest) due as of December 31, 1991 inclusive and not paid and 100% of the amount of principal and interest (excluding late interest) due from January 1, 1992 through March 31, 1993 inclusive and not paid will be rescheduled and refinanced at a term of 25 years with a 14 year grace period. The interest rates and condition will be determined bilaterally at the appropriate market rate. The interest rates and conditions should be at least as favorable as the concessional rates applying to those loans.

Option E:

i.- Interest accrued from January 1, 1992 through March 31 1993 inclusive on consolidated amounts will be paid as follows:

50% will be paid in 6 equal and successive semi-annual installments, the first one to be made on December 1, 1992 and the last one to be made on Jun 1, 1995.

50% will be paid on the due date.

Option F:

i.- 100% of the amounts of principal and interest due as of December 31, 1991 inclusive and not paid on credits and loans will be paid in 10 equal and successive semi-annual installments, the first one to be made on June 30, 1992 and the last one to be made on December 31, 1996. Late interest will be charged on those amounts.

A summary of the finalized agreements that contain debt forgiveness is presented below:

FRANCE	France elected option "A" and the bilateral agreement was signed on February 7, 1992. On August 6, 1992 the French Government announced that the ODA debt would be forgiven through annual debt service write-offs.
UNITED STATES	United States elected option "B" . On September 25, 1991 the United States Government granted complete forgiveness of the ODA debt and the bilateral restructuring agreement was signed on May 13, 1992.
SWEDEN	The total amount of debt owed to Sweden was extinguished through a buyback agreement signed in May 1992.
NETHERLANDS	The Netherlands elected option "A" and the bilateral agreement was signed on June 25, 1992. ODA debt service is forgiven on an annual basis.

CANADA Under the Canadian program exchange of concessional debt for environmental projects, 80 percent of Nicaragua's debt was forgiven, and 20 percent is applied to environmental projects. The agreement was signed on July 29, 1993.

DENMARK On June 11, 1993 the Danish Government granted forgiveness of the ODA debt service for five years.

SWITZERLAND Switzerland's Third World Debt Relief Fund bought the Nicaraguan eligible non-ODA debt. The agreement was signed on July 16, 1993.

FINLAND Finland elected option "C". Finland forgave 73 percent of ODA debt beyond the Paris Club Minute.

SPAIN Spain elected Option "B" of the Paris Club Minute for the commercial debt and Option "C" for the ODA debt. On November 16, 1993, the agreement for restructuring the commercial debt was signed.

AUSTRIA Austria elected Option "B" and on September 17, 1994, an agreement for restructuring on the commercial debt was signed. Regarding the Concessional debt, its forgiveness is in the approval process at the Parliament.

BELGIUM The debt with Belgium was below the "De Minimis" standard, U.S.\$0.2MM. In October 1992, the government of Belgium approved the settlement of this obligation with four monthly payments starting the 31 Dec 1992.

UNITED KINGDOM United Kingdom elected Option "A" and on February 22, 1993, an agreement for restructuring the commercial debt was signed. On October 13, 1992, an agreement for restructuring the concessional debt was signed.

AUSTRALIA Australia elected Option "D" and the agreement was signed on March 30, 1993.

NORWAY The commercial debt with Norway was negotiated in March 1993, but the agreement remains unsigned. Afterwards, the Government of Norway decided that the amount (U.S.\$1.3 MM.) was very low and its administration very expensive. Norway, then, proposed that Nicaragua cancel this indebtedness by paying only C\$3.0 MM, to be utilized for projects executed in Nicaragua. The Nicaraguan Embassy in the Nordic Countries also informed about the possibility of a total forgiveness of the debt.



ISRAEL Israel elected Option "A" and the agreement was signed in July 26, 1993.

ITALY The restructuring agreement has been initialized with SACE, but the signature of the Italian authorities is pending. Total forgiveness of concessional debt is in process.

GERMANY Germany elected option "A" and the government of Germany granted an 80% reduction on the debt with the Ex-GDR. In addition, 50% of the interest payment of this debt will be deferred until Dec 31, 1998. Interest will be capitalized and payments will be scheduled over a 16 year period.

Progress with non-Paris Club creditors is summarized below:

ARGENTINA Nicaraguan obligations to the Central Bank of Argentina were paid with a United States Treasury 30-year Zero Coupon Bond. The acquisition of the bond was financed by the Central Bank of Argentina and the agreement was signed in August 1993.

COLOMBIA Nicaraguan obligations to Colombia were paid with a United States Treasury 40-year Zero Coupon Bond. The agreement was signed on September 4, 1991.

MEXICO Nicaraguan debt to Mexico was restructured on September 9, 1991 as follows:

50 percent of total amounts due were exchanged for financial documents issued by Nicaragua with an interest over balance of 3 percent starting to accrue in January 31, 1997. Accrued interest will be paid if and when the value of Nicaraguan exports surpasses US\$ 1,400.0 MM at 1990 constant prices.

The remaining 50 percent will be paid in 14-years, including a 7-year grace period, with an initial interest rate of 1 percent gradually increasing each year to a maximum of 8 percent.

VENEZUELA Nicaragua and Venezuela signed a restructuring agreement on June 29, 1990. The total debt was exchanged for a United States Treasury 40-year Zero Coupon Bond. A grace period of 6 years, accrued interest, at the rate of 3 percent, will be paid if and when the annual value of Nicaragua exports surpasses US\$ 1,4000.0 MM at 1990 constant prices.

REPUBLIC OF CHINA The Republic of China in Taiwan forgave 75 percent of the total debt in arrears. The remaining 25 percent was rescheduled to be paid in 10 years and has an interest rate of 4 percent.

Statement of the IMF Representative at the  
Meeting of the Paris Club for Nicaragua  
March 21, 1995

Nicaragua's economy deteriorated markedly during the period 1984-90 as a result of inappropriate economic policies, the civil war, and adverse external developments. In this period, real GDP dropped by 20 percent, exports fell to half of their pre-1980 levels, and price increases accelerated to hyper-inflationary levels. At the same time, the external debt rose to the equivalent of six times GDP and there was a large accumulation of external arrears.

In 1991 the Government embarked on a comprehensive stabilization program, which was supported by an 18-month stand-by arrangement from the Fund. The public finances improved substantially, including through a sharp reduction in military expenditure, and the Government advanced Nicaragua's transformation toward a market-based economy by eliminating most price distortions, allowing the operation of private banks, enacting a new foreign investment law, and liberalizing foreign trade. In addition, the process of re-establishing relations with external creditors was initiated. The program was successful in achieving a rapid reduction of inflation and strengthening Nicaragua's international reserve position. However, the adjustment process and the momentum for reform slowed in 1993 because of political difficulties, a reduction in external assistance, and policy slippages.

In early 1994 the Government revitalized the reform process by adopting a comprehensive three-year program which was supported by an ESAF arrangement from the Fund approved in June 1994. The program aims at consolidating



the gains that have been achieved in the area of macroeconomic stabilization, deepening the structural reforms, and moving toward external viability. It places particular emphasis on developing the conditions for private investment and productive employment, and expanding programs to alleviate poverty. Central to the attainment of these objectives is a targeted improvement in public sector saving and prudent credit, wage, and exchange rate policies. Moreover, the structural reform process is to be intensified by addressing the issue of property rights, reducing further the size of the public sector, reforming the state-owned banks, and reducing labor market rigidities.

Overall economic conditions improved substantially in 1994 and performance under the program was generally satisfactory. Real GDP is estimated to have grown by 3.2 percent--the first significant growth in ten years--inflation fell from 20 percent during 1993 to 12 percent during 1994, and international reserves rose by more than programmed.

Fiscal performance through end-June 1994 was better than expected because of a strong growth in government revenue. However, the public finances deteriorated in the second half of the year, largely because of the effects of a severe drought on the financial position of the state-owned electricity company (INE). For the year as a whole, savings of the combined public sector (including the losses of the Central Bank) still rose by more than 1/2 percent of GDP to 2 1/2 percent of GDP, although they fell short of the 4.2 percent of GDP contemplated in the program.

Credit policy was in line with the authorities' program throughout 1994 and central bank losses were reduced by more than envisaged. As a result,

by the end of 1994 the net domestic assets of the Central Bank were well within the program ceiling and net international reserves had risen by US\$68 million, compared with an adjusted target of US\$30 million in the program. Gross reserves of the Central Bank amounted to the equivalent of 2 1/2 months of imports at the end of 1994, up from 1.3 months at the end of 1993.

On structural reforms, progress was made in 1994 in the areas of privatization, property rights, and public sector employment reduction. A number of small enterprises were sold as scheduled, although this process still needs to be completed and legislation providing for the partial privatization of the large telecommunications company (TELCOR) has been delayed. The delay on TELCOR affected progress on property rights, as the sale proceeds are to be used to compensate confiscated property. However, progress has been made in other areas of property rights, such as titling and returning certain confiscated property to previous owners. The reduction in the number of public sector employees was less than envisaged in the program for 1994, owing in part the delays in the privatization of TELCOR.

Since late 1994 the authorities have started to implement actions in the fiscal and structural areas aimed at ensuring compliance with the program targets for 1995. A Fund staff mission will be shortly in Managua to assess those actions in the context of the mid-term review under the first annual ESAF arrangement, as well as to conduct the 1995 Article IV consultation discussions. The authorities' program for 1995 envisages a further reduction in inflation to about 8 percent and an additional increase in net international reserves. Real GDP growth in 1995 had been projected



at 3 percent, but based on the pickup in activity since the last quarter of 1994, growth is likely to range between 4 and 4 1/2 percent this year.

The fiscal actions that have been taken recently include: (i) a minimum tax on coffee exports that would capture part of the windfall from the currently high international prices; (ii) a reduction in current expenditure of the Central Bank; and (iii) the placement of various expenditure ceilings on public agencies and enterprises below budgeted levels.

In the structural area, the Government: (i) has initiated a restructuring in the energy sector aimed at increasing competition in the distribution of petroleum products and power generation; (ii) is accelerating implementation of the public employment reduction program; and (iii) plans to complete the program on TELCOR and the transfer of a few remaining small enterprises managed by a state agency.

Despite these adjustment efforts Nicaragua will continue to have large exceptional financing needs over the medium term. After taking into account already committed financing from bilateral creditors and multilateral institutions, these exceptional needs are projected at about US\$500 million a year in 1995-97, excluding the rescheduling of arrears with official bilateral non-Paris Club creditors and the concessional assistance that would be needed to buyback the debt from the commercial banks. Nicaragua has obtained substantial debt reduction in agreements with Colombia, Mexico, Argentina, and Venezuela, and discussions on this issue recently have resumed with the Russian Federation.

In the past four years, Nicaragua has made significant progress in stabilizing the economy and advancing structural reforms, and the continuing

implementation of the Government's program is crucial for the consolidation of this process. The Government of Nicaragua has shown determination and commitment in the implementation of its adjustment program under difficult political circumstances, and this effort certainly merits the support of the international financial community.