
Appendix 2

Commercial Debt Restructuring

Developments in 2000

THE PERIOD UNDER REVIEW SAW MAJOR developments in debt reduction through the Brady swap and buyback operations. In 2000, 15 debt restructuring agreements totaling \$54.9 billion were completed between debtor countries and commercial bank creditors, reducing outstanding debt by \$18.2 billion (table A2.1). Among low-income countries, Ukraine concluded an agreement with commercial bank creditors to restructure \$2.7 billion, including \$280 million in securitized gas debt to the Russian gas monopoly Gazprom. Among middle-income countries, Argentina, Brazil, Ecuador, Jordan, Mexico, and Poland retired \$20.6 billion of collateralized Brady bonds through debt buybacks and discounted swaps for unsecured bonds. Also, the Russian Federation concluded an agreement to restructure \$32 billion of Soviet-era debt due to the London Club of private sector creditors.

Debt restructuring in low-income countries

Ukraine. On February 14, 2000, Ukraine offered a swap of \$2.7 billion in short-term debt obligations into longer-term bonds. Bonds eligible to be exchanged included a €500 million eurobond due in March 2000, \$258 million zero coupon paper due in September 2000, a 1.5 billion deutsche mark eurobond due in February 2001, a \$75 million eurobond due in October 2000, and \$280 million of Gazprom bonds due in 2000 and 2001 (an additional offer would be made for \$735 million of Gazprom bonds due in 2002, 2003, 2004, 2005, and 2006).¹ Under the restructuring terms proposed by the Ukrainian government, no debt forgiveness or reduction in principal was required from bondholders, and all accrued interest on exist-

ing eligible bonds would be paid in full and in cash on completion of the exchange offer; investors were offered a new seven-year eurobond, denominated in either euros at an interest rate of 10 percent or U.S. dollars at an interest rate of 11 percent. The new bonds have semiannual amortization payments with a six-month grace period. By the end of the tender period, on March 15, 2000, more than 90 percent of holders of eligible bonds agreed to participate in the exchange offer—well above the minimum 85 percent acceptance level required.

Buyback and swaps in middle-income countries

The trend of voluntary swap or buyback by Latin sovereign governments was continued in 2000, and such transactions more than doubled in volume from 1999. These voluntary deals demonstrate the renewed confidence of foreign investors in these countries' prospects (with the exception of Ecuador, which was forced to reschedule its defaulted Brady debts). This was particularly significant considering the limited access to capital markets for emerging market sovereign governments in the wake of the Brazilian currency crisis in 1999. A significant new development in 2000 was the swap of Brady bonds denominated in European currencies by Mexico, which has the highest amount of nondollar Brady debt outstanding. (Argentina and Venezuela also have significant amounts.) The weakness of European currencies and the illiquidity of nondollar Brady market provided Mexico with the opportunity to buy back securities denominated in nondollar currencies, reducing debt-servicing costs and replacing collateralized bonds with bullet bonds. Argentina and Venezuela are

Table A2.1 Debt and debt service reduction operations, 1989–2000*(billions of U.S. dollars)*

Type of operation	Operations covered	Closing date	Gross amount restructured ^a	Face value of debt reduction ^b	Face value of restructured debt
<i>Low-income countries</i>					
Buybacks funded by the debt reduction facility	Cumulative 2000		4.5	4.3	0.2
Debt and debt service reduction agreements	Cumulative 2000		12.6	7.6	5.0
Other	Cumulative 1999		1.3	0.9	0.4
	Ukraine	Feb. 2000	2.7	0.0	2.7
	Cumulative 2000		4.0	0.9	3.1
<i>Middle-income countries</i>					
Buybacks funded by the Debt Reduction Facility	Cumulative 2000		0.3	0.3	0.0
Debt and debt service reduction agreements	Cumulative 2000		197.9	37.8	160.1
Associated debt and debt service reduction market swaps	Cumulative 1999		24.0	5.5	18.4
	Argentina	Feb., June 2000	4.7	1.4	3.3
	Brazil	Mar., July, Aug. 2000	6.3	0.4	5.9
	Ecuador	Aug. 2000	6.0	2.4	3.6
	Jordan	The second half of 2000	0.2	0.04	0.2
	Mexico	Mar., Sep., Oct., Nov. 2000	2.5	1.5	1.0
	Poland	Oct. 2000	0.9	0.9	0.0
	Russian Federation	Feb. 2000	31.8	11.6	20.2
	Cumulative 2000		76.4	23.7	52.6
Total	Cumulative 1999		240.6	56.5	184.1
	Operation in 2000		54.9	18.2	36.9
	Cumulative 2000		295.5	74.7	221.0

Note: Totals may not add up because of rounding.

a. Includes past-due interest.

b. Includes buybacks, discounts, down payment on past due interest, and forgiveness.

Source: World Bank.

also considering buybacks or swaps of nondollar Brady bonds in the near future.

Argentina. Between February and June 2000, Argentina undertook two swap operations to retire \$4.7 billion of Brady bonds. In the first exchange, in February, Argentina swapped \$1.4 billion of Brady bonds for \$3.5 billion of Argentina Bonte bonds maturing in 2003 and 2005 (both domestic fixed-rate book-entry government bonds). This operation was a local open-market exchange² involving primarily local bonds, and only one type of Brady bond (FRB) was exchanged. In June, Argentina successfully swapped \$3.3 billion of Brady bonds for \$2.4 billion of new 15-year global bonds. Bonds eligible for the swap were par and discount bonds maturing in 2023, and floating rate past-due-interest bonds (FRBs) maturing in 2005. The new issue carries a coupon of 13.3 percent, paid quarterly. The

operation generated savings of about \$1.5 billion resulting from the differential between the par values and the market values of securities (\$1.0 billion) and from the pro rata release of the collateral of the Brady bonds (\$0.5 billion).

Brazil. There were three buyback operations during 2000 to retire \$6.3 billion of Brady bonds. In March, Brazil used the proceeds from a \$600 million 30-year global bond to buy back \$705 million of its Brady bonds: \$202 million of eligible interest (EI) bonds, \$195 million of discount bonds, \$190 million of par bonds, \$85 million of front-loaded interest reduction bonds (FLIRBs), and \$33 million of debt conversion bonds (DCBs).³ In July, Brazil completed a new \$1.0 billion seven-year global bond offering involving a \$612 million cash sale and a \$388 million exchange for \$400 million of Brady bonds. The new issue was priced to yield

12.4 percent or 610 basis points above the U.S. Treasury rate. Bonds eligible for the swap were \$200 million of EI bonds, \$111 million of new money bonds (NMBs), \$82 million of FLIRBs, and \$41 million of Exit bonds.⁴ In August, Brazil completed the largest-ever emerging market bond swap with the issue of a \$5.2 billion 40-year global bond with a coupon of 11 percent. The new issue was priced at 80.2 percent of face value to yield 13.7 percent, or 788 basis points above the U.S. Treasury rate. This swap operation retired \$5.2 billion of Brady bonds, consisting of \$638 million of par bonds, \$326 million of discount bonds, \$926 million of C bonds, \$1.6 billion of DCBs, \$933 million of FLIRBs, \$344 million of new new money bonds (NNMBs), \$368 million of EIs, and \$85 million of Exit bonds.⁵ Total savings of \$533 million resulted from the differential between the Brady bonds' par and market values (\$242 million) and from the release of the collateral of the Brady bonds (\$311 million). Net present value savings were estimated at \$186 million.

Ecuador. In August 2000 Ecuador completed its debt exchange operation, swapping about \$5.9 billion (principal only) in defaulted Brady bonds and eurobonds for \$3.95 billion in new 12- and 30-year global bonds. The swap involved \$1.6 billion of par bonds, \$1.4 billion of discount bonds, \$2.2 billion of past-due interest bonds (PDIs), \$181 million of interest equalization bonds (IEs), \$322 million of 11.25 percent fixed-rate eurobonds, and \$143 million of floating-rate eurobonds. The new 12-year issue was priced to yield 12 percent, and the new 30-year issue carried a multicoupon with the initial coupon rate of 4 percent.⁶ All investors were offered the 30-year bonds, which can be exchanged for the 12-year bonds if investors agree to a additional 35 percent discount. To facilitate the deal, the government offered to pay bondholders \$140 million of past-due principal and interest in defaulted debts. This debt-exchange operation resulted in a 40 percent reduction in principal for the bondholders, and more than 85 percent of the bondholders accepted the deal. In September, following the successful completion of its debt restructuring deal, Ecuador pledged to repurchase at least 3 percent of the 30-year bonds, starting in 2013, and at least 10 percent of the 12-year bonds, beginning in 2006.

Jordan. In the second half of 2000, according to the Jordanian Ministry of Finance, Jordan re-

tired \$235 million of its outstanding Brady bonds through open-market purchases. Jordan bought back \$115 million of Brady par bonds at an average price of about 70 cents per dollar of face value, and \$20 million of Brady discount bonds at an average price of 80 cents per dollar of face value. Principal and interest collateral totaling 30 cents per dollar of face value was released by these buyback operations. These repurchase operations were financed by the proceeds from privatization without issuing other new bonds.

Mexico. In 2000 Mexico undertook five buyback operations to retire \$2.5 billion of Brady bonds. In March, Mexico implemented two buyback operations to retire \$1.0 billion of Brady bonds. In the first buyback, Mexico issued \$500 million of 15-year global bonds and used the proceeds to buy back \$534 million of discount bonds. At the end of March, a further \$500 million of Brady discount bonds was repurchased with the proceeds of the reopening of an eight-year global bond. These operations yielded a saving of \$440 million from the pro rata release of the collateral of the Brady bonds.⁷ Between September and November 2000, there were three additional buyback operations to retire \$1.5 billion of Brady debts. In September, taking advantage of a strong peso and a weak Swiss franc (Sfr), the government repurchased \$150 million (Sfr275 million) of Swiss franc-denominated 30-year Brady bonds. Mexico offered a 22 percent discount for the bond (paying Sfr78 per Sfr100 of principal), plus any accrued and unpaid interest. In October, the Mexican government completed a buyback of \$1.0 billion in Brady par bonds denominated in European currencies: Dutch guilders, French francs, Italian lire, and German marks. This buyback operation was the first one managed by Mexico in the form of an auction. The government received tenders of \$1.4 billion, which was slightly oversubscribed. In November, Mexico retired \$385 million of its outstanding Brady bonds by exercising the embedded call options. This operation retired \$300 million of Japanese yen-denominated par bonds, \$75 million of German mark-denominated discount bonds, and \$10 million of French franc discount bonds by redeeming the entire amount outstanding of each bond at par.

Poland. In October 2000 Poland undertook a buyback operation to retire \$943 million of Brady bonds, about 20 percent of the total outstanding.

This operation redeemed \$138 million of 15-year new money bonds and \$805 million of discount bonds. This buyback transaction was financed by the receipt of hard currency earnings from the privatization of the telecommunications company TPSA to a consortium led by France Telecom. The Polish government announced that \$2.4 billion of the \$4.3 billion raised by TPSA privatization has been allocated in a special hard currency account with the Central Bank for servicing of external debt.

Other restructuring in middle-income countries
The Russian Federation. On February 2000 Russia completed a provisional deal with the London Club of commercial banks for the restructuring of \$31.8 billion of its Soviet-era debt that has been in default since the devaluation of the ruble in August 1998. Under the rescheduling scheme, the London Club's creditors agreed to write off \$11.6 billion of the principal, and a seven-year grace period for principal payments, and swap the rest of its defaulted debts—principal notes (PRINs) and interest arrears notes (IANs)—for new 30-year Russian Federation eurobonds. PRINs were to be exchanged at a discount of 37.5 percent and IANs at a discount of 33 percent. The interest rate on a new eurobond was set at 2.25

percent for the first six months; 2.5 percent for the second six months; and 5 percent for year two and seven months, yielding 7.5 percent a year. As a result of this agreement, Russia realized a reduction of about 36.5 percent in outstanding debt and more than 50 percent relief in present value terms.

Notes

1. Ukraine has securitized gas debts to the Russian gas monopoly Gazprom.
2. Most of the bonds eligible were local bonds, including Pre1, Pre2, Pre3, Pre4, Pro1, Pro2, TVA bonds (US\$), TVA bonds (Argentine pesos), TVA Pagares (US\$), TVA Pagares (Argentine pesos), and eurobonds in Argentine pesos due in 2002, spread floaters in US\$ due in 2002, and Brady floating rate bonds (FRBs).
3. EI: eligible interest bond, FLIRB: front loaded interest reduction bond, DCB: debt conversion bond.
4. EI: eligible interest bond, NMB: new money bond, FLIRB: front-loaded interest reduction bond.
5. C bond: capitalization bond, DCB: debt conversion bond, FLIRB: front-loaded interest reduction bond, NNMB: new new money bond, EI: eligible interest bond.
6. Initial coupon rate of 4 percent until August 2001, reset annually at 5 percent, 6 percent, 7 percent, 8 percent, 9 percent, thereafter 10 percent.
7. Buyback transactions free up the cash in U.S. Treasury zero-coupon bonds used as collateral on the Bradys.

Table A2.2 Multilateral debt relief agreements with commercial banks, January 1980–December 2000

Country and date of agreement	Consolidation period		Amount restructured (millions of U.S. dollars)		Other assistance (millions of U.S. dollars)		Repayment terms (consolidation portion only)		
	Start date	Length (months)	Deferment	Rescheduling	New long-term money	Short-term credit maintenance	Maturity (years/ months)	Grace (years/ months)	Interest (margin)
Albania July 1995	Debt buyback (see notes)								
Algeria February 1992 June 1995	See notes March 1994			1,500 3,200			5–8/0 12/6–16	3/0 6/6	1½/1¾ ¾
Argentina January 1983 August 1983 August 1985 August 1987 April 1993 September 1997 Mar./Sept. 1998 March 1999 Feb./June 2000	1 January 1983 See notes 1 January 1982 See notes DDSR agreement (see notes) Voluntary debt swap (see notes) Debt buyback (see notes) Voluntary debt swap and debt buyback (see notes) Voluntary debt swap (see notes)	12 48		9,777 24,286	1,300 500 3,593 1,253	3,100 3,500	1/2 4/6 10/0 19/0	0/7 3/0 3/0 7/0	1¼ 2¼ 1¾ ¾
Bolivia December 1980 April 1981 July 1988 July 1992 May 1993	1 August 1980 1 April 1981 Buyback arrangement (see notes) DDSR agreement (see notes) Debt buyback (see notes)	8 24	200	411			1/0 6/0	1/0 3/0	1¼ 2¼
Bosnia and Herzegovina December 1997	Debt rescheduling (see notes)			1,300					
Brazil February 1983 January 1984 July 1986 November 1988 July 1992 April 1994 June 1997 Apr./Oct. 1999 Mar./July/Aug. 2000	1 January 1983 1 January 1984 1 January 1985 1 January 1987 Interest arrears end-1990 (see notes) DDSR agreement (see notes) Voluntary debt swap (see notes) Voluntary debt swap (see notes) Voluntary debt swap (see notes)	12 12 12 84	9,600	4,800 5,900 6,552 61,482	4,195 6,510 5,200	15,675 15,100 14,750 14,833	8/0 9/0 6/3 20/0	2/6 5/0 4/3 8/0	2¼ 2 1¼ ¾
Bulgaria July 1994	DDSR agreement (see notes)								
Chile July 1983 January 1984 June 1984 November 1984 November 1985 June 1987 August 1988 December 1990	1 January 1983 Short-term debt only 1 January 1985 1 January 1988 Modification of terms (see notes) 1 January 1991	24 36 48 48		2,151 1,204 3,891 9,732 4,173	1,294 785 1,037 1,700	1,700 1,700	8/0 8/0 9/0 0/6 12/0 15/6 8–12/0	4/0 4/0 5/0 0/6 6/0 5/0 4/0	2¼ 2¼ 1¾ 1 1¾ ¾ ¾
Colombia December 1985 June 1989 April 1991					1,000 1,640		8/6 11/0 12/6	3/0 5/6 7/6	1½ ¾ 1

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Table A2.2 Multilateral debt relief agreements with commercial banks, January 1980–December 2000 (continued)

Country and date of agreement	Consolidation period		Amount restructured (millions of U.S. dollars)		Other assistance (millions of U.S. dollars)		Repayment terms (consolidation portion only)		
	Start date	Length (months)	Deferment	Rescheduling	New long-term money	Short-term credit maintenance	Maturity (years/ months)	Grace (years/ months)	Interest (margin)
Congo, Rep. of October 1986*	See notes								
Costa Rica									
September 1983	1 January 1983	24		706	202	202	8/0	4/0	2¼
May 1985	1 January 1985	24		470	75		10/0	3/0	1¾
May 1990	DDSR agreement (see notes)				1,457				
Côte d'Ivoire									
March 1985	1 December 1983	25		485	104		8/0	3/0	1%
November 1986	1 January 1986	48		851			9/0	3/0	1¾
April 1988*	See notes								
May 1997	DDSR agreement (see notes)								
Cuba									
December 1983	1 September 1982	28		130		490	5/6	2/0	2¼
December 1984	1 January 1984	12		103		490	7/0	2/6	1¾
July 1985	1 January 1985	12		90		490	10/0	6/0	1½
Dominican Republic									
December 1983	1 December 1982	13		500			5/0	1/0	2¼
February 1986	1 January 1985	60		787			13/0	3/0	1¾
August 1994	DDSR agreement (see notes)								
Ecuador									
October 1983	1 November 1982	14		2,770	433	700	7/0	1/0	2¼
December 1985	1 January 1985	60		4,219	200	700	12/0	3/0	1¾
November 1987*	See notes								
February 1995*	DDSR agreement (see notes)								
April 1997	Voluntary debt swap (see notes)								
August 2000	Debt rescheduling (see notes)								
Ethiopia									
January 1996	Debt buyback (see notes)								
Gabon									
December 1987	1 September 1986	16		27			10/0	4/6	1¾
December 1991	1 January 1989	36		75			13/0	3/0	¾
May 1994	10 July 1994	6		187			10/0	2/6	¾
Gambia, The									
February 1988	Balance as of 18 December 1986				19		8/0	3/6	1¼
Guinea									
April 1988	Short-term debt only			28			3/0	0/6	1¾
December 1998	Debt buyback (see notes)								
Guyana									
August 1982	11 March 1982	13	14						2½
June 1983	1 July 1983	7	12						2½
July 1984	1 August 1984	12	11						2½
July 1985	1 August 1985	18	15						2½
July 1988			8						
November 1992	Debt buyback (see notes)								
December 1999	Debt buyback (see notes)								
Honduras									
June 1987*	1 April 1987	33		248			8/0	6/0	1¾
August 1989	See notes			101					

Table A2.2 Multilateral debt relief agreements with commercial banks, January 1980–December 2000 (continued)

Country and date of agreement	Consolidation period		Amount restructured (millions of U.S. dollars)		Other assistance (millions of U.S. dollars)		Repayment terms (consolidation portion only)		
	Start date	Length (months)	Deferment	Rescheduling	New long-term money	Short-term credit maintenance	Maturity (years/ months)	Grace (years/ months)	Interest (margin)
Indonesia June 1998	Debt rescheduling (see notes)								
Iran, Islamic Rep. of March 1993 December 1994	Balance as of March 1993 Balance as of December 1994			2,800 10,900			1/1 6/0	1/0 2/0	$\frac{13}{16}$ $\frac{13}{16}$
Jamaica April 1981 June 1981 June 1984 September 1985 May 1987 June 1990	1 April 1979 1 July 1981 1 July 1983 1 April 1985 1 January 1987 1 January 1990	24 21 21 24 39 24		126 89 164 359 366 315		89	5/0 5/0 5/0 10/0 12/6 14/0	2/0 2/0 2/0 3/0 9/0 0/6	2 2 2½ 1½ 1¼ $\frac{13}{16}$
Jordan September 1989* November 1989* December 1993 Year 2000	1 January 1989 1 January 1989 See notes Debt buyback (see notes)	30 18		580		50	50	11/0 10/6	5/0 3/0 $\frac{13}{16}$ $\frac{13}{16}$
Korea, Republic of January 1998	Debt rescheduling (see notes)								
Liberia December 1982 June 1983	1 July 1981 See notes	24		29 26			6/0	2/9	1¼
Madagascar November 1981 October 1984 June 1987 May 1990*	Arrears only Entire stock of debt See notes 1 April 1990			155 379 49			3/6 8/0 9/0 12/0	0/0 2/6 0/0 0/2	1½ 2 1½ ¾
Malawi March 1983 October 1988	1 September 1982 Balance as of 21 August 1987	24		59 36			6/6 8/0	3/0 4/0	1½ 1¼
Mauritania August 1996	Debt buyback (see notes)								
Mexico August 1983 April 1984 March 1985 August 1985 October 1985 March 1987 August 1987 March 1988 March 1990 May/Sept. 1996 Aug./Oct. 1999 Mar./Sept./Oct./ Nov. 2000	23 April 1982 1 January 1987 1 January 1985 1 January 1988 Debt exchange (see notes) DDSR agreement (see notes) Voluntary debt swap (see notes) Voluntary debt swap (see notes) Voluntary debt swap and debt buyback (see notes)	28 48 72 48		23,280 28,000 20,256 44,216 9,700 48,231		5,007 3,873 7,439 1,091	8/0 10/0 14/0 14/0 20/0 20/0	4/0 5/6 0/0 1/0 7/0 7/0	1½ 1½ 1¼ 1¼ $\frac{13}{16}$ $\frac{13}{16}$
Morocco February 1986 September 1987 June 1990	9 September 1983 1 January 1985 Balance as of 31 December 1989	16 48		531 2,415 3,200			610	7/0 11/0 18/4	3/0 4/0 8/10 $\frac{13}{16}$

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Table A2.2 Multilateral debt relief agreements with commercial banks, January 1980–December 2000 (continued)

Country and date of agreement	Consolidation period		Amount restructured (millions of U.S. dollars)		Other assistance (millions of U.S. dollars)		Repayment terms (consolidation portion only)		
	Start date	Length (months)	Deferment	Rescheduling	New long-term money	Short-term credit maintenance	Maturity (years/ months)	Grace (years/ months)	Interest (margin)
Mozambique									
May 1987	Entire stock of debt			253			15/0	8/0	1¼
December 1991	Debt buyback (see notes)								
Nicaragua									
December 1980	Arrears			582			12/0	5/0	¾
December 1981	See notes			192			12/0	5/0	¾
March 1982	See notes			100			12/0	5/0	¾
February 1984	1 July 1983	12		145			8/0	0/0	1¼
December 1995	Debt buyback (see notes)								
Niger									
March 1984	1 October 1983	29		29			7/6	3/6	2
April 1986	1 October 1985	39		36			8/6	4/0	2
March 1991	Debt buyback (see notes)			107					
Nigeria									
November 1987	1 April 1986	21		4,714			9/0	3/0	1¼
March 1989	Short-term debt only			5,671			20/0	3/0	¾
January 1992	DDSR agreement (see notes)			5,436					
Panama									
September 1983					278	217	6/0	3/0	2¼
October 1985	1 January 1985	24		578	60	190	12/0	3/6	1¾
May 1996	DDSR agreement (see notes)								
September 1997	Voluntary debt swap (see notes)								
Peru									
January 1980	1 January 1980	12		364			5/0	2/0	1¼
July 1983	7 March 1983	12		432	650	2,000	8/0	3/0	2¼
November 1996	DDSR agreement (see notes)								
Philippines									
January 1986	17 October 1983	38		5,885	925	2,974	10/0	5/0	1¾
December 1987	1 January 1987	72		9,010		2,965	17/0	7/6	¾
January 1990	DDSR agreement (see notes)			1,337	715				
December 1992	DDSR agreement (see notes)				135		17/0	5/0	1½
September 1996	Voluntary debt swap (see notes)								
October 1999	Voluntary debt swap (see notes)								
Poland									
April 1982	26 March 1981	9		1,956			7/0	4/0	1¾
November 1982	1 January 1982	12		2,225			7/6	4/0	1¾
November 1983	1 January 1983	12		1,254			10/0	4/6	1¾
July 1984	1 January 1984	48		1,480		335	10/0	5/0	1¾
September 1986	1 January 1986	24		1,940			5/0	5/0	1¾
July 1988	1 January 1988	72		8,310		1,000	15/0	0/0	1½
June 1989*	1 May 1989	20	206						
October 1994	DDSR agreement (see notes)		206		138				
October 2000	Debt buyback (see notes)								
Romania									
December 1982	1 January 1982	12		1,598			6/5	3/0	1¾
June 1983	1 January 1983	12		567			6/5	3/6	1¾
September 1986	1 January 1986	24		800			5/6	4/0	1¾
September 1987*	1 January 1986	24		800			5/6	4/0	1½

Table A2.2 Multilateral debt relief agreements with commercial banks, January 1980–December 2000 (continued)

Country and date of agreement	Consolidation period		Amount restructured (millions of U.S. dollars)		Other assistance (millions of U.S. dollars)		Repayment terms (consolidation portion only)		
	Start date	Length (months)	Deferment	Rescheduling	New long-term money	Short-term credit maintenance	Maturity (years/ months)	Grace (years/ months)	Interest (margin)
Russian Federation									
December 1991	See notes								
July 1993	See notes								
November 1995	Balance as of 15 November 1995			32,500			25/0	7/0	1½%
November 1998	Debt restructuring (see notes)								
February 2000	Debt restructuring (see notes)								
São Tomé and Príncipe									
August 1994	Debt buyback (see notes)								
Senegal									
February 1984	1 May 1981	38		96			6/0	3/0	2
May 1985	1 July 1984	24		20			7/0	3/0	2
January 1989				37			9/0	0/0	¾
December 1996	Debt buyback (see notes)								
Sierra Leone									
January 1984	Arrears (principal)			25			7/0	2/0	1¼
August 1995	Debt buyback (see notes)								
South Africa									
September 1985	28 August 1985	7	13,628						
March 1986	28 August 1985	22		650			1/3		bullet/variable
March 1987	1 July 1987	36		4,500			3/0		bullet/variable
October 1989	1 July 1990	42		7,500					
September 1993	See notes			5,000			8/0	0/6	1½
Sudan									
November 1981	1 January 1980	28		593			7/0	3/0	1¼
March 1982	Interest arrears only			3			0/9	0/5	1¼
April 1983	See notes			702			6/0	2/0	1¼
October 1985	See notes			1,037			8/0	3/0	1¼
Togo									
March 1980	See notes			69			3/6	1/0	
October 1983	See notes			84			7/3	0/0	2
May 1988	See notes			48			8/0	4/0	1½
December 1997	Debt buyback (see notes)								
Trinidad and Tobago									
December 1989	1 September 1988	48		473			12/6	4/6	1½%
Turkey									
March 1982	See notes			2,269			10/0	5/0	1¼
Uganda									
February 1993	Debt buyback (see notes)								
Ukraine									
September 1998	Debt restructuring (see notes)								
July 1999	Debt restructuring (see notes)								
February 2000	Debt restructuring (see notes)								
Uruguay									
July 1983	1 January 1983	24		555	240		6/0	2/0	2¼
July 1986	1 January 1985	60		1,720			12/0	3/0	1½
March 1988	1 January 1990	24		1,512			17/0	3/0	¾
February 1991	DDSR agreement (see notes)			1,284	89				
September 1999	Voluntary debt swap (see notes)								

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Table A2.2 Multilateral debt relief agreements with commercial banks, January 1980–December 2000 (continued)

Country and date of agreement	Consolidation period		Amount restructured (millions of U.S. dollars)		Other assistance (millions of U.S. dollars)		Repayment terms (consolidation portion only)		
	Start date	Length (months)	Deferment	Rescheduling	New long-term money	Short-term credit maintenance	Maturity (years/ months)	Grace (years/ months)	Interest (margin)
Venezuela, República Bolivariana de									
February 1986	1 January 1983	72		21,089			12/6	0/0	1½
November 1987	See notes				100		14/0	1/0	¾
September 1988	See notes			20,388			13/0	0/0	¾
December 1990	DDSR agreement (see notes)			19,598	1,212				
December 1988	See notes								
September 1997	Voluntary debt swap (see notes)								
Vietnam									
December 1997	DDSR agreement (see notes)								
Yugoslavia, Fed. Rep. (Serbia/Montenegro)									
October 1983	1 January 1983	12		1,300	600	800	6/0	3/0	1½
May 1984	1 January 1984	24		1,330			7/0	4/0	1½
December 1985	1 January 1985	48		4,004			10/6	4/0	1¼
September 1988	1 January 1988	24		7,000		300	18/0	6/0	1¾
Zaire									
April 1980	See notes			402			10/0	5/0	1½
January 1983	1 January 1983	12	58				10/0	0/0	2
June 1984	1 January 1984	16	64				10/0	0/0	2
May 1985	1 May 1985	12	61				10/0	0/0	2
May 1986	1 May 1986	12	65				10/0	0/0	2
May 1987	1 May 1987	12	61				10/0	0/0	2
June 1989	See notes		61						
Zambia									
December 1984	1 January 1985			74					
September 1994	Debt buyback (see notes)								

* Agreement in principle.

Note: *Deferment* = Short-term rollover of current maturities. *MYRA* = Multiyear rescheduling agreement. *New money* = Loans arranged for budgetary or balance of payments support in conjunction with debt rescheduling, usually in proportion to each creditor bank's exposure; sometimes referred to as concerted lending. *Rescheduling* = Consolidation of debt into new long-term obligations; may include arrears as well as future maturities; interest and short-term debt included only if indicated in country notes. For DDSR agreements, figures include face value of buybacks and of all debt exchanges. *Short-term credit maintenance* = Understanding by banks to maintain the size of existing trade or other short-term credit facilities, arranged in conjunction with debt rescheduling. *Interest (margin)* = percentage points above LIBOR. *DDSR* = Officially supported debt and debt service reduction agreement (Brady initiative).

Country notes

Albania

July 1995: Restructuring of US\$501 million due to commercial banks. US\$371 million bought back for US\$96.5 million funded by grants from IDA debt reduction facility and other donor countries, and US\$130 million converted into long-term bonds.

Algeria

Feb. 1992: 1991–93 Financing Facility, designed to refinance maturities falling due from October 1991 through March 1993. Tranche A covers debts with a maturity of two years or more and is repayable in eight years, including three years' grace bearing interest at LIBOR + 1½ percent. Tranche B covers debts with a maturity of more than 360 days and less than two years, and is repayable in five years, including three years' grace.

Argentina

Jan. 1983: Bridge loan.

Aug. 1983: New money, initially US\$1.5 billion.

Aug. 1985: Agreed in principle in December 1984.

Aug. 1987: Agreement extended the maturity and lowered the spreads on the 1983 and 1985 agreements. Also includes a noncollateralized debt exchange with interest reduction (US\$15 million).

April 1993: DDSR agreement: Outstanding stock of US\$19.3 billion exchanged either for 30-year bonds yielding a market interest rate (LIBOR + ¼ percent) at a 35 percent discount or for 30-year par front-loaded interest rate reduction bonds. First year interest rate 4 percent, rising to 6 percent in year seven and remaining there until maturity. Both bonds collateralized for principal and contain rolling 12-month guarantees. Agreement also included US\$9.3 billion of past-due interest: US\$0.7 billion was paid in cash at closing, US\$400 million were written off, and the remainder was exchanged for bonds (17-year maturity; 7 years' grace), repayable in rising installments and yielding LIBOR + ¼ percent.

Sept. 1997: Argentina swapped \$2.4 billion of Brady bonds for \$1.8 billion of uncollateralized 30-year bonds at an interest rate of 305 basis points above the U.S. Treasury rate. The offering allowed for direct exchange and cash sales of Brady bonds.

Mar./Sept. 1998: In March, Argentina bought back \$760 million of Brady bonds, consisting of \$645 million of par bonds and \$115 million of discount bonds. In September, Argentina bought back \$700 million of Brady bonds at nominal value.

Mar. 1999: Argentina swapped \$129 million of Brady bonds, \$84.1 million of discount bonds, and \$45 million of par bonds for \$106 million of Argentine Bonte bonds maturing in 2027 and exchangeable later for 30-year global bonds. Argentina also bought back \$539 million of Brady bonds, \$104 million of discount bonds, and \$435 million of par bonds through open market purchase.

Feb./June 2000: In February, Argentina swapped \$1.4 billion of Brady bonds for \$3.5 billion of Argentine Bonte bonds maturing in 2003 and 2005 in a local bond exchange. In June, Argentina swapped \$3.3 billion of Brady bonds for \$2.4 billion of new 15-year global bonds. The new issue carried a coupon of 13.3 percent.

Bolivia

Dec. 1980: Includes short-term debt.

April 1981: Includes debt deferred in August 1980.

July 1988: Commercial bank debt retired through a buyback (US\$272 million) and a local currency bond exchange (US\$72 million). An ongoing program. Applies only to previously deferred loans.

July 1992: DDSR term sheet. Cash buyback at 84 percent discount; collateralized interest-free 30-year bullet-maturity par bonds; short-term discount bonds (84 percent) convertible on maturity into local currency assets at a 1:1.5 ratio, exchangeable into investments for special projects. Past-due interest canceled under all options. Value recovery clause based on price of tin.

May 1993: Buyback of US\$170 million commercial bank debt, funded by grants from IDA debt reduction facility and other donor countries.

Bosnia and Herzegovina

Dec. 1997: Agreement to restructure \$1,300 million of principal and past-due interest owed to commercial banks under the aegis of the London Club. Past-due interest of \$700 million was written off. Eligible principal of \$600 million was exchanged for \$400 million of uncollateralized discount bonds. The tenor of 37.5 percent of the new bonds is 20 years' maturity, including seven years' grace and stepped-up interest rates rising from 2.0 percent in years one to four to LIBOR + ¼ in years 11–20. Servicing on 62.5 percent of the new bonds is linked to economic performance. The country is not required to make principal or interest payments for the first 10 years. After that, the country is required to make debt service payments if per capita income exceeds \$2,800 for two consecutive years. Per capita income in 1997 was estimated at \$1,079.

Brazil

July 1986: Includes deferment of 1986 maturities.

Nov. 1988: Includes a broad package of creditor options.

July 1992: Interest arrears: December 31, 1990. Cash payment during 1992: US\$863 million. When term sheet concludes for long-term debt, the balance was converted into 10-year bonds (three years' grace), bearing market interest rates.

Apr. 1994: DDSR agreement: Four components of debt totaling US\$48 billion were restructured: (a) debt to foreign banks under the 1988 multiyear deposit facility agreement (US\$32.5 billion), (b) debt to Brazilian banks under the MDFA, (c) debt resulting from the 1988 new money facilities (US\$8.1 billion), and (d) interest arrears accruing from 1991–94 (US\$6.0 billion). The first category of debt was restructured following a six-choice menu: (1) discount bonds, 35 percent discount, 30-year bullet maturity yielding LIBOR + ¼ percent with principal collateral and a 12-month rolling interest guarantee (US\$11.2 billion); (2) par bonds with a reduced fixed-rate interest (yielding 4 percent in the first year and gradually rising to 6 percent in year seven), 30-year bullet maturity, also with principal collateral and a 12-month rolling interest guarantee. (US\$10.5 billion); (3) front-loaded interest reduction bonds (US\$1.7 billion), with interest rising from a fixed rate of 4 percent in year one to 6 percent in years five and six and then reverting to LIBOR + ¼ percent from year seven to maturity, 15 years maturity including nine years grace, 12-month rolling interest guarantee; (4) C-bonds, par reduced interest rate bonds with capitalization of interest (US\$7.1 billion), with repayment terms of 20 years'

(Notes continue on next page)

maturity including 10 years' grace, interest beginning at 4 percent and the applicable rates in the first six years being capitalized, no collateral; (5) conversion bonds (US\$1.9 billion) combined with new money bonds in a 1:5.5 ratio, interest is LIBOR + $\frac{1}{8}$ percent, terms are 18 years' maturity including 10 years' grace for the conversion bonds and 15 years including seven years' grace for the new money bonds, no collateral; (6) interest reduction loan with capitalization, maturity of 20 years including 10 years' grace, interest rising from 4 percent in year one to 5 percent in year six to LIBOR + $\frac{1}{8}$ percent from year seven to maturity.

- June 1997: Brazil completed a \$3.0 billion 30-year bond offering involving \$0.8 billion cash sale and \$2.3 billion exchange for \$2.7 billion of Brady bonds. The new issue carries an interest rate of 395 basis points above the U.S. Treasury rate.
- Apr./Oct. 1999: In April, Brazil completed a \$3.0 billion, five-year global bond offering involving \$2.0 billion cash sale and \$1.0 billion exchange for \$1.5 billion of Brady bonds, consisting of \$1,046 million of eligible interest bonds (EIs) and \$406 million of interest due and unpaid bonds (IDUs). In October, Brazil issued \$2 billion 10-year global bonds in exchange for \$2.7 billion of Brady bonds. The new issue carries a coupon of 14.5 percent or 850 basis points over the U.S. Treasury rates.
- Mar./July/Aug. 2000: Buyback of \$705 million of Brady bonds using the proceeds from \$600 million 30-year global bonds in March. In July, Brazil issued a new \$1.0 billion seven-year global bond involving \$612 million cash sales and \$388 million exchange for \$400 million of Brady bonds. In August, Brazil completed the largest-ever emerging market bond swap with the issue of \$5.16 billion 40-year global bonds with a coupon of 11 percent. This swap operation retired \$5.22 billion of Brady bonds.

Bulgaria

- July 1994: DDSR agreement: Creditors agreed to restructuring of US\$8.3 billion in public external debt, including about US\$2.1 billion in past-due interest. The menu for the original debt includes: (a) buyback at 0.25 cents per U.S. dollar (US\$.8 billion); (b) discount bond 50 percent discount on face value (30 years' bullet maturity, market rate, US\$3.7 billion); the discount bonds are collateralized for principal; and (c) FLIRBs, 18 years' maturity, eight years' grace interest beginning at 2 percent, rising to 3 percent in the seventh year, and thereafter LIBOR + $\frac{1}{8}$ percent (US\$1.7 billion). The FLIRBs have one year's interest rolling interest guarantee. Past-due interest includes cash payment of about 3 percent, a buy-back (US\$.2 billion), write-off of US\$0.2 billion, and past-due interest par bonds (US\$1.6 billion) having a 17 years' maturity, including seven years' grace and yield LIBOR + $\frac{1}{8}$ percent.

Chile

- Jan. 1984: Short-term debt consolidated.
- Nov. 1984: Short-term debt rolled over to June 30, 1985.
- Nov. 1985: Short-term trade credit rolled over to 1990.
- Aug. 1988: Interest spread reduced to $\frac{1}{8}$ percent. Also cash buybacks (US\$439 million).
- Dec. 1990: New money bonds not tied to existing banks' exposure. The rescheduling includes previously rescheduled debt.

Colombia

- Dec. 1985: New money without restructuring.
- June 1989: New money without restructuring.
- April 1991: New money without restructuring.

Congo, Republic of

- Oct. 1986: Agreement in principle, never concluded. It was to restructure 1986–88 maturities, repayable in nine years, including three years' grace, bearing interest at LIBOR + 2% percent. Approximately US\$200 million of debt would have been restructured. In addition there was a new money provision of US\$60 million.

Costa Rica

- Sept. 1983: Includes principal arrears.
- May 1985: Includes deferment of revolving credit (US\$2 million).
- May 1990: DDSR agreement: cash buyback at 84 percent discount (US\$992 million), debt-for-bond exchange (US\$579 million), and write-off of US\$29 million of past-due interest.

Côte d'Ivoire

- Nov. 1986: MYRA.
- Apr. 1988: Agreement designed to replace the MYRA. Includes new money to refinance interest. Interest on the new money portion was LIBOR + $\frac{1}{2}$ percent. Agreement was not put into effect because interest arrears were not cleared, and current interest payments were suspended in April 1988.
- May 1997: DDSR agreement restructuring \$6.5 billion of principal and past-due interest. For eligible principal of \$2,271.5 million, creditors agreed to exchange US\$159 million for discount bonds (50 percent discount) subject to stepped-up interest rising from 2.5 percent in years one and two to LIBOR + $\frac{1}{8}$ percent in years 11–30; exchange \$1,431 million for front-loaded interest reduction bonds (FLIRBs) with a maturity of 20 years, including 10 years' grace, and stepped-up interest rising from 2.0 percent in years one to seven to LIBOR + $\frac{1}{8}$ percent in years 14–20; and buy back \$681.5 million at 24 cents per dollar. Principal is collateralized with 30-year U.S. Treasury zero-coupon bonds for the discount bonds, but not for the FLIRBs. A six-month rolling interest guarantee is required for the FLIRBs, but not for the discount bonds. For past-due interest of \$4,190.3 million, \$30 million was settled in cash at closing, \$867 million was exchanged for bonds with a 20-year maturity (half a year of grace period) repayable on a graduated amortization schedule, and \$3,293 million was written off.

Dominican Republic

- Dec. 1983: Includes short-term debt.
- Feb. 1986: MYRA. Includes arrears as of December 31, 1984.
- Aug. 1994: DDSR agreement covering principal and past-due interest (US\$1.2 billion). The agreement has a menu consisting of (1) buybacks (US\$.4 billion); (2) discount exchange bonds (US\$.5 billion) 35 percent discount, to be repaid in 30 years, bullet maturity, interest rate LIBOR + $\frac{1}{8}$ percent; (3) past-due interest bonds (US\$171 million) bearing interest at LIBOR + $\frac{1}{8}$ percent, with three years' grace and 15 years' maturity. The accord also included a write-off of US\$112 million of past-due interest, and US\$52 million paid in cash at closing.

Ecuador

- Dec. 1985: MYRA.
- Nov. 1987: Replaces the MYRA.
- Feb. 1995: DDSR agreement, restructuring US\$7.8 billion of principal and past-due interest. For principal, creditors agreed to exchange US\$2.6 billion for discount bonds (45 percent discount) yielding LIBOR + $\frac{1}{8}$ percent and US\$1.9 billion for par reduced-interest rate bonds. Both

bonds have a 30-year bullet maturity and are collateralized for principal and have a 12-month rolling interest guarantee. The interest rate on the par bonds is 3 percent for the first year, rising to 5 percent in year 11. US\$75 billion on past-due interest is to be settled in cash at closing, US\$2.3 billion was exchanged for bonds with a 20-year maturity (no grace period) repayable on a graduated amortization schedule, US\$191 million was exchanged for interest equalization bonds, and US\$582 million was written off.

- Apr. 1997: In April, Ecuador issued \$150 million in eurobonds to buy \$214 million of Brady bonds. The principal amount is due at maturity in 2004 and carries an interest rate of 475 basis points above the U.S. Treasury rates. The \$50 million saved from the release of collateral was applied toward clearance of debt service arrears with Paris Club creditors.
- Aug. 2000: Agreement to exchange about \$5.9 billion in defaulted Brady bonds and eurobonds for \$3.95 billion in new 12- and 30-year global bonds. The new 12-year issue was priced to yield 12 percent, and the new 30-year issue carried a multicoupon with the initial coupon rate of 4 percent. This operation resulted in a 40 percent reduction in principal for the bondholders.

Ethiopia

- Jan. 1996: Debt buyback at 8 cents per U.S. dollar of US\$226.0 million owed to commercial banks. Funding for the operation was provided by the IDA debt reduction facility.

Gabon

- May 1994: Rescheduled principal due through 1994 on debt contracted prior to September 20, 1986 (debt covered by the 1991 agreement, which had not been implemented). Terms: 10-year maturity including two and a half years' grace. Interest: LIBOR + 7/8 percent. Arrears of interest and arrears of post cut-off maturities as of July 1, 1994, were to be repaid between 1994 and 1996.

Guinea

- Dec. 1998: Buyback of US\$130 million under the IDA debt reduction facility (DRF) at 13 cents per U.S. dollar, financed by the IDA DRF and other donor countries.

Guyana

- Aug. 1982: One-year deferment.
 June 1983: Extension of 1982 deferment.
 July 1984: Extension of previous deferment.
 July 1985: Extension of previous deferment.
 Nov. 1992: Buyback of US\$69 million under the IDA DRF at 14 cents per U.S. dollar.
 Dec. 1999: Buyback of US\$55.9 million under the IDA debt reduction facility at 9 cents per U.S. dollar, financed by the IDA DRF and the Swiss government.

Honduras

- June 1987: Two agreements, in 1983 and 1984, were not implemented; this agreement incorporated 1981-85 maturities, but it was not signed.
 Aug. 1989: Bilateral rescheduling of debt to two commercial banks. The agreement includes interest arrears. The grace period varied from 7 to 10 years. Interest rates were fixed, ranging from 4 to 6.5 percent.

Indonesia

- June 1998: Agreement on a framework for restructuring \$80.2 billion of the Indonesian private debt. The interbank loans are extended into new government-guaranteed loans with maturities of one to four years, at interest rates of 2.75, 3, 3.25, and 3.5 percent over LIBOR. The corporate debts are to be rescheduled over eight years, including a three-year grace period for repayment of principal. Over an eight-year rescheduling period, the real interest rate was set to be 5.5 percent, but it would decline to 5 percent for debtors who agree to repay in five years. Agreed to pay off trade financing arrears to maintain trade financing from foreign creditor banks.

Jamaica

- May 1987: Includes reduced spreads on earlier agreements.
 June 1990: Agreement also includes a reduction of spreads on earlier agreements to 1/8 percent.

Jordan

- Dec. 1993: DDSR agreement restructuring US\$736 million of principal and US\$153 million of past-due interest (PDI). For restructured principal, a small amount was repurchased at 39 cents per U.S. dollar, US\$243 million was exchanged for discount bonds (35 percent discount), and US\$493 million was exchanged for par fixed interest bonds. Both bonds have a 30-year bullet maturity with principal collateral and a six-month rolling interest guarantee. The discount bonds yield LIBOR + 1/8 percent interest; the yields on par bonds begin at 4 percent in the first year, rising to 6 percent in year seven. Regarding PDI, US\$29 million was paid at closing, US\$91 million was exchanged for noncollateralized bonds with a 12-year maturity including three years' grace and yielding LIBOR + 1/8 percent, and US\$33 million was written off. Upfront costs totaled US\$147 million, all of which was provided from Jordan's own resources.
 2000: Jordan bought back \$115 million of Brady par bonds at an average price of 70 cents per dollar of face value and \$200 million of Brady discount bonds at an average price of 80 cents per dollar of face value. All purchases freed up 30 cents of principal and interest collateral per dollar of face value.

Korea, Republic of

- Jan. 1998: Agreement to restructure the short-term foreign debts owed to foreign commercial banks. Eligible short-term debt of \$24 billion is converted into new government-guaranteed loans with maturities of between one and three years and floating interest rates set between 2.25 and 2.75 percentage points over LIBOR. Regarding the government guarantee, the commission to be charged is set between 0.2 and 1.5 percentage points based on the credit rating given by Moody's Investors Service or by Standard & Poor's, and the Bank for International Settlements' capital adequacy ratio. A reserve requirement of 3 percent of the total guaranteed amount in U.S. dollars was set.

Liberia

- June 1983: Consolidation of oil facility debt.

Madagascar

- June 1987: Modified the terms of the October 1984 agreement.

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Malawi

Oct. 1988: Rescheduled balances as of August 21, 1987.

Mauritania

Aug. 1996: Debt buyback of US\$53.0 million, at a 90 percent discount, owed to commercial banks. Funding for the operation was provided by the IDA debt reduction facility.

Mexico

Mar. 1985: MYRA covering previously rescheduled debt.

Aug. 1985: MYRA covering debt not previously rescheduled.

Oct. 1985: Deferment of first payment under the March 1985 agreement.

Mar. 1987: Modification of terms of earlier agreements.

Aug. 1987: Private sector debt restructured.

Mar. 1988: Exchange of debt for 20-year zero-coupon collateralized bonds (US\$556 million).

Mar. 1990: DDSR agreement. In addition to new money of US\$1 billion, the agreement provided for the exchange of US\$20.5 billion of debt for bonds at a 35 percent discount, an exchange of US\$22.4 billion of debt at par for reduced interest rate bonds, and conversion bonds totaling US\$5.3 billion. The last are not collateralized and have a tenor of 15 years maturity, including seven years' grace, and an interest rate of LIBOR + $\frac{1}{8}$ percent. The total base also includes US\$693 million not committed to any option.

May/Sept. 1996: On May 7, Mexico swapped \$2.4 billion in Brady bonds for a \$1.8 billion 30-year uncollateralized bond at an interest rate of 11.5 percent. On September 24, Mexico bought back \$1.2 billion of Brady bonds at a cost of 81 cents per dollar. This operation was funded by a \$1.0 billion 20-year bond at an interest rate of 445 basis points above U.S. Treasury rates.

Aug./Oct. 1999: Buyback of \$510 million of Brady bonds in exchange for \$400 million of new 17-year global bonds at an interest rate of 445 basis points above the U.S. Treasury rate in August. In October, Mexico issued \$425 million of 10-year global bonds in exchange for about \$525 million face value of Brady bonds, \$275 million of par bonds, and \$250 million of discount bonds. The new offering carries a coupon of 10.2 percent or 385 basis points over the U.S. Treasury rate.

Mar./Sept./ Oct./Nov. 2000: Two buyback operations to retire \$1.0 billion of Brady bonds in March. Buyback of \$150 million of Swiss franc-denominated 30-year Brady bonds at a 22 percent discount plus any accrued and unpaid interest in September. Buyback of \$1.0 billion of Brady bonds denominated in European currencies (Dutch guilders, French francs, Italian lire, and German marks) in October. Buyback of \$385 million of Brady bonds by exercising the embedded call options in November.

Morocco

Feb. 1986: Agreement in principle initiated August 1983.

Sept. 1990: Phase one of this agreement restructures debt; phase two is a DDSR arrangement that will take effect if Morocco has signed an EFF (extended fund facility) agreement with the IMF by December 31, 1991.

Mozambique

May 1987: Outstanding balance consolidated, including interest arrears.

Dec. 1991: Buyback of US\$124 million of outstanding commercial bank debt at a 90 percent discount, funded by grants from the IDA debt reduction facility and from France, the Netherlands, Sweden, and Switzerland.

Nicaragua

Dec. 1980: Covers government debt, all maturities, including arrears.

Dec. 1981: Covers nationalized bank debts, all maturities, including arrears.

Mar. 1982: Covers debts of nonfinancial enterprises, all maturities, including arrears.

Feb. 1984: Deferment of service on rescheduled debt.

Dec. 1995: Buyback of US\$1.1 billion of outstanding commercial bank debt at 8 cents per U.S. dollar.

Niger

Mar. 1991: Buyback of all commercial bank debt at 82 percent discount (US\$107 million). Resources provided by grants from the debt reduction facility for IDA-only countries (US\$10 million), France (US\$10 million), and Switzerland (US\$3 million).

Nigeria

Nov. 1987: Includes short-term debt.

Mar. 1989: Includes line of credit arrears.

Jan. 1992: DDSR agreement providing for a cash-back at 60 percent discount on US\$3.3 billion, and debt exchanges on US\$2 billion for collateralized 30-year bullet maturity par bonds with reduced interest rates: 5.5 percent for the first three years, 6.25 percent thereafter. Creditor selections: 62 percent for the buyback; 38 percent for the debt-reduction bond. A third option, new money combined with conversion bonds, was not selected by participating creditor banks.

Panama

May 1996: DDSR agreement: Creditors agreed to restructuring of US\$3.9 billion in public external debt, including US\$2.0 billion in past-due interest (PDI). The menu for the principal includes: (a) discount bonds at a 45 percent discount of face value (30 years' bullet maturity, market rate, US\$87.8 million); (b) par bonds with reduced interest rates and a 30-year bullet repayment (268.0 million); and (c) front-loaded interest reduction bonds (FLIRBs) for US\$1,612.2 million with a tenor of 18 years' maturity including a five-year grace period. The discount and the par bonds are collateralized with respect to the principal by U.S. Treasury zero-coupon bonds, and with respect to interest in the form of a nine-month rolling interest rate guarantee in the first year rising to 12 months in two to three years. The FLIRBs do not require guarantee for the capital, but include a six-month rolling interest guarantee. PDI settlement includes progress payments of US\$30.0 million, a payment at closing of US\$100.0 million, a write-off of US\$590.4 million arising from the recalculation of penalty interest at a lower interest rate, and PDI par bonds of US\$1,247.6 million with 20 years' maturity, including seven years' grace, and an interest rate of LIBOR + $\frac{1}{8}$ percent. Neither principal nor interest is guaranteed. Moreover, Panama may capitalize for the first six years, and the difference is positive between LIBOR + $\frac{1}{8}$ and 4.0 percent per year.

Sept. 1997: Panama completed \$600 million offering of 30-year uncollateralized bonds for \$713 million of Brady bonds. The new issue carries an interest rate of 250 basis points above the U.S. Treasury rate. Nominal savings of about \$132 million resulted from the differential between the Brady bonds' par and market values (\$112 million) and from the pro rata release of the collateral of the Brady bonds (\$20 million).

Peru

Nov. 1996: DDSR agreement: Creditors agreed to restructuring of US\$8.0 billion in public external debt, including US\$3.8 billion in past-due interest (PDI). The menu for the principal includes: (a) discount bonds at a 45 percent discount of face value (30 years' bullet maturity, market rate, US\$947.0 million); (b) par bonds with reduced interest rates and a 30-year bullet repayment (US\$189 million); (c) front-loaded interest reduction bonds (FLIRBs) for US\$1,779.0 million with a tenor of 20 years' maturity including an eight-year grace period; and (d) a buyback of US\$1,266.0 million at 38 cents per U.S. dollar. The discount and the par bonds are collateralized with respect to the principal by U.S. Treasury zero-coupon bonds, and with respect to interest in the form of a six-month rolling interest rate guarantee secured by cash or permitted investments. The FLIRBs do not require a guarantee for the capital, but they include a six-month rolling interest guarantee. PDI settlement includes progress payments of US\$83.0 million, a payment at closing of US\$225.0 million—a buyback of US\$1,217.0 million at 38 cents per U.S. dollar, and PDI par bonds of US\$2,284.0 million with 20 years' maturity, including 10 years' grace, and an interest rate of LIBOR + $\frac{1}{8}$ percent. Neither principal nor interest is guaranteed. Moreover, Peru may capitalize for the first six years, and the difference is positive between LIBOR + $\frac{1}{8}$ percent and 4 percent per year.

Philippines

Jan. 1990: DDSR agreement provided for US\$1,337 million of buybacks at a 50 percent discount.

Dec. 1992: DDSR agreement: Following implementation of a cash buyback of US\$1.3 billion on May 14, 1992, banks selected debt exchanges from three options: (1) front-loaded interest reduction par bonds; yielding LIBOR + $\frac{1}{8}$ percent from year seven to maturity (15 years for series A and 15½ years for series B, both including seven years' grace); (2) collateralized step-down/step-up interest reduction bonds yielding 6.5 percent from year six to maturity (25-year bullet maturity for series A and 25½-year for series B; and (3) new money combined with conversion bonds in a 1:4 ratio, with both bonds attaining 17½- (series A) or 17-year (series B) maturity, including five years' grace and yielding LIBOR + $\frac{1}{8}$ percent. Interest payments on both interest reduction bonds covered by a rolling 14-month guarantee. Creditor choices (total US\$4.4 billion, 96 percent total eligible debt): buybacks, US\$1.3 billion (27.5 percent); option (a) US\$0.8 billion (46.3 percent); option (b) US\$1.9 billion (41.1 percent); option (c) US\$0.5 billion (11.7 percent).

Sept. 1996: The Philippines issued \$0.7 billion in eurobonds in exchange for Brady bonds originally issued to replace commercial bank debt in 1989. The eurobond was issued in the form of a 20-year note at an interest rate of 8.75 percent.

Oct. 1999: The Philippines completed a \$1,006 million, 25-year global bond offering involving \$292 million cash sales and \$714 million exchange for \$858 million of Brady bonds. The new issue carries a semiannual coupon of 9.5 percent to yield 318 basis points above the U.S. Treasury rate.

Poland

July 1984: Includes some short-term trade credits.

Sept. 1986: Covers debt rescheduled in 1982.

July 1988: MYRA. Also improved the terms of earlier agreements.

June 1989: Principal due May 1989—December 1990 deferred until December 1991; and in October, the interest due in the fourth quarter of 1989, US\$145 million, was deferred until the second quarter of 1990.

Oct. 1994: DDSR agreement. Creditors restructured US\$14.4 billion. Three categories of debt were affected: (a) long-term debt covered by the 1988 restructuring agreement (US\$8.9 billion), (b) debt due under the Revolving Short-Term Arrangement (RSTA) (US\$1.2 billion), (c) past-due interest not otherwise restructured (US\$4.3 billion). The first category was subject to a menu approach: US\$2.1 billion of long-term debt was repurchased at 41 cents per U.S. dollar, and US\$0.3 billion of RSTA debt was repurchased at 38 cents per U.S. dollar. For the remaining long-term debt, creditors chose between: (1) discount bonds—45 percent discount (US\$5.4 billion), (2) par reduced fixed interest bonds (US\$0.9 billion), (3) conversion bonds combined with new money bonds equal to 35 percent of the amount converted (US\$0.4 billion). The discount bonds and par bonds have 30-year bullet maturities and feature collateralization of principal only. Interest on the discount bonds is LIBOR + $\frac{1}{2}$ percent. Interest on the par bonds is 2.75 percent for the first year, rising to 5 percent for year 21. The conversion bonds have a 25-year maturity, including a 20-year grace period. Their yield in year one is 4.5 percent, rising to 7.5 percent in year 11. The new money bonds have a 15-year maturity, including a 10-year grace period and yield LIBOR + $\frac{1}{2}$ percent. The new money and conversion bonds are not collateralized.

The RSTA debt not repurchased (US\$0.9 billion) is exchanged for 30-year bullet maturity fixed interest bonds, with similar (but slightly different) step-down/step-up arrangements as the par bonds, starting at 2.75 percent in year one and gradually rising to 5 percent in year 21.

For PDI, US\$8 billion was repurchased with related long-term and RSTA principal. A portion is to be settled with cash payments at closing (US\$63 million). A portion was written off (US\$0.8 billion), and the remainder (US\$2.7 billion), was converted into fixed-interest-rate bonds yielding 3.25 percent in year one, rising to 7 percent in year nine. Maturity is 20 years, including seven years of grace. Amortization is graduated.

Oct. 2000: Buyback of \$943 million of Brady bonds, \$138 million of 15-year new money bonds and \$805 million of discount bonds. This buyback operation was financed by the receipt of hard currency earning from the privatization of telecommunications company TPSA to a consortium led by France Telecom.

Romania

Sept. 1986: Covers previously rescheduled debt only.

Russian Federation

Dec. 1991: Deferment of principal due in December 1991—March 1992 on pre-1991 debt. The deferment was extended for each consecutive quarter until the end of 1993.

July 1993: Reschedule the stock of former Soviet Union debt contracted prior to January 1, 1991 (US\$24 billion), to be repaid with 15-year maturity including a five-year grace period. In the fourth quarter of 1993, US\$500 million was to be paid on interest accruing during 1993. At the end of 1993, all remaining unpaid interest (estimated at \$3 billion) was to then be consolidated and repaid at a 10-year maturity, including five years' grace. The 1993

(Notes continue on next page)

- interest payments were not made; the agreement was not implemented, mainly because Russia refused to accept the bankers' requirement that sovereign immunity be waived. However, an understanding was reached on October 5, 1994, that the banks would drop their insistence on a waiver of sovereign immunity and that the Vneshekonombank (or another public entity) would guarantee the debts. Signing and payment of the US\$500 million was expected by the end of 1994.
- Nov. 1995: Agreement in principle. Heads of terms were signed for a comprehensive rescheduling of debt of the former USSR in the amount of \$25.5 billion of principal outstanding and \$7.5 billion in accrued interest due. The eligible principal was to be repaid over 25 years, with seven years of grace, beginning December 15, 1995, in 37 semiannual payments on a graduated schedule at LIBOR + $\frac{1}{8}$ percent per year. It was further agreed that an interest note for \$6 billion would be issued with a 20-year maturity and seven years' grace from December 15, 1995, that would be the same interest rate as listed on the Luxembourg Stock Exchange. The remaining \$1.5 billion in interest arrears was paid over 1995–96. By September 1996, the minimum subscribership by commercial banks of \$20 billion in outstanding principal was reached, and this triggered the Russian agreement to the rescheduling package.
- Nov. 1998: The outline agreement to restructure \$13.5 billion of defaulted Treasury bills (GKO and OFZs). Under the restructuring plan, 10 percent of the defaulted bills is to be redeemed in cash rubles, and 20 percent of the debt is to be exchanged for three-year zero-coupon bonds. The remaining 70 percent of the debt is to be restructured into four-year and five-year variable coupon bonds.
- Feb. 2000: Agreement to restructure \$31.8 billion Soviet-era debts owed to the London Club of commercial banks. The London Club's creditors agreed to write off \$11.6 billion of the principal and a seven-year grace period for principal repayments, and swapping the rest of its defaulted debts (principal notes and interest arrears notes) for new 30-year eurobonds. The interest rate on a new eurobond was set at 2.25 percent for the first six months, 2.5 percent for the second six months, and 5 percent for years two and seven—yielding 7.5 percent a year.
- São Tomé and Príncipe*
- Aug. 1994: Buyback under the IDA debt reduction facility at 10 cents per U.S. dollar. US\$10.1 million of principal was extinguished (87 percent of eligible debt).
- Senegal*
- Dec. 1996: Debt buyback at 8 cents per U.S. dollar of US\$80.0 million owed to commercial banks. Funding for the operation was provided by the IDA debt reduction facility.
- Sierra Leone*
- Jan. 1984: Covers arrears as of December 31, 1983.
- Aug. 1995: Buyback, at 13 cents on average per U.S. dollar, of US\$235 million due to commercial banks funded by grants from IDA debt reduction facility and other donor countries.
- South Africa*
- Sept. 1993: Covers arrears of interest.
- Sudan*
- Nov. 1981: Includes arrears of principal and some short-term debt.
- Mar. 1982: Covers arrears of interest and modifies the 1981 agreement.
- Apr. 1983: Modification of the 1981 agreement.
- Oct. 1985: Covers arrears of interest.
- Togo*
- Mar. 1980: Balance of debts to French banks, including arrears of principal. Interest rates vary by currency.
- Oct. 1983: Covers all commercial bank debt, including previously rescheduled debt.
- May 1988: Restructuring of the 1983 agreement.
- Dec. 1997: Debt buyback at 12.5 cents per dollar of \$46.1 million owed to commercial banks. Funding for the operation was provided by the IDA debt reduction facility.
- Turkey*
- Mar. 1982: Improved the terms of the August 1979 agreement.
- Uganda*
- Feb. 1993: Buyback of US\$153 million commercial bank debt, funded by grants from the IDA debt reduction facility and other donor countries.
- Ukraine*
- Sept. 1998: As the part of the government's voluntary debt conversion scheme, Ukraine offered to exchange \$590 million (principal plus interest) of short-term domestic Treasury bills held by nonresidents for dollar-denominated eurobonds with a maturity of two years and a minimum yield of 22 percent.
- July 1999: Agreement to restructure a 10-month \$163 million eurobond (including principal and interest). Under this restructuring scheme, instead of making the \$163 million repayment due in June 1999, Ukraine repays 20 percent of bond in cash and swaps the remaining 80 percent into a deutsche mark-denominated eurobond with a maturity of three years and a coupon yield of 16 percent.
- Feb. 2000: Agreement to restructure \$2.7 billion of the short-term debt obligations. Under the restructuring terms, no debt forgiveness or reduction in principal was required from bondholders, and all accrued interest on existing eligible bonds would be paid in full and in cash; and all accepting investors would be offered a new seven-year eurobond, denominated in either euros or U.S. dollars, at an interest rate of 10 percent for euro-denominated bonds and 11 percent for dollar-denominated bonds.
- Uruguay*
- July 1986: MYRA.
- Mar. 1988: Includes improved terms of the July 1986 agreement.
- Feb. 1991: DDSR agreement. The agreement provided for cash buyback at a 44 percent discount (US\$628 million), collateralized debt reduction bonds (US\$535 million), and new money (US\$89 million) combined with debt conversion notes (US\$447 million). The repayment terms are: 30-year bullet maturity and 6.75 percent fixed interest for the interest reduction bonds, 16-year maturity including seven years' grace with LIBOR + $\frac{1}{8}$ percent interest for the conversion notes, and 15-year maturity including seven years' grace with LIBOR + 1 percent interest for the new money notes.
- Sept. 1999: In September 1999, Uruguay swapped \$96 million of Brady bonds for \$85 million of 30-year global bonds.

Venezuela, República Bolivariana de

- Feb. 1986: MYRA. Agreed in principle in September 1984.
 Nov. 1987: Reduced the spread and extended the maturities of the 1986 agreement.
 Sept. 1988: Interest spread reduced on February 1986 agreement.
 Dec. 1988: Exchange of debt for bonds outside the framework of the main negotiations.
 Dec. 1990: DDSR agreement featuring buybacks in the form of 91-day collateralized short-term notes (US\$1,411 million), exchange for bonds at 30 percent discount (US\$1,810 million), exchange at par for reduced fixed-rate interest bonds (US\$7,457 million), exchange for bonds at par with temporary step-down interest rates (US\$3,027 million), and new money combined with debt conversion bonds (US\$6,022 million).
 Sept. 1997: The República Bolivariana de Venezuela retired \$4.4 billion of Brady bonds in exchange for \$4.0 billion of uncollateralized 30-year bonds at an interest rate of 32.5 basis points above the U.S. Treasury rate. The operation resulted in nominal savings of about \$1.8 billion from the differential between the Brady bonds' par and market values (\$0.4 billion) and from the pro rata release of the collateral of the Brady bonds (\$1.4 billion).

Vietnam

- Dec. 1997: DDSR agreement restructuring US\$310.9 million of principal and US\$486.2 million of past-due interest (PDI). For the restructured principal, \$20.4 million repurchased at 44 cents per U.S. dollar, US\$51.6 million was exchanged for discount bonds (50 percent discount); and \$238.9 million was exchanged for par fixed interest bonds. Both bonds have a 30-year maturity, but the discount bond is repayable in a bullet payment in year 30, while the par bond has a step-up amortization schedule beginning in year 15. Also, 50 percent of the face value due of the par bond is due at maturity. The discount bond is subject to an interest rate of LIBOR + $\frac{1}{8}\%$ while the par bond is subject to step-up interest rates rising from 3.0 percent in years one and two to

5.5 percent in years 21–30. One hundred percent of the discount bonds and 50 percent of the par bonds are guaranteed by U.S. Treasury zero-coupon bonds, and the discount bonds have a six-month rolling interest guarantee. Regarding PDI, US\$15.0 million was paid at closing, US\$294.8 million was exchanged for noncollateralized bonds with an 18-year maturity including seven years of grace and step-up interest rates, \$21.8 million was repurchased at 44 cents per dollar, and US\$154.6 million was written off.

Yugoslavia, Federal Republic of (Serbia/Montenegro)

- Oct. 1983: Includes a one-year rollover of short-term bonds.
 Dec. 1985: MYRA.

Zaire

- Apr. 1980: Covered stock of debt as of the end of 1979, including arrears.
 Jan. 1983: Rescheduling principal due under the April 1980 agreement.
 June 1984: Rescheduling principal due under the April 1980 agreement.
 May 1985: Rescheduling principal due under the April 1980 agreement.
 May 1986: Rescheduling principal due under the April 1980 agreement.
 May 1987: Rescheduling principal due under the April 1980 agreement.
 June 1989: Finances monthly payments on outstanding claims, mainly interest on arrears.

Zambia

- Dec. 1984: Includes arrears as of February 28, 1983.
 Sept. 1994: Buyback under the IDA debt reduction facility at 11 cents per U.S. dollar. US\$200 million of principal was extinguished (75 percent of eligible debt), using US\$10.5 million of IDA resources and US\$22.3 million from other donors.

