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March 15, 1988

To: Members of the Executive Board

From: The Secretary

Subject: Recent Developments in Commercial Bank Debt Restructuring

The attached paper on commercial bank debt restructuring provides background material for the Executive Board discussion on the management of the debt situation (EBS/88/55, 3/9/88) scheduled for Wednesday, March 30, 1988.

Mr. Kincaid (ext. 7356), Mr. Regling (ext. 7358) or Mr. Ariyoshi (ext. 7359) is available to answer technical or factual questions relating to this paper.

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INTERNATIONAL MONETARY FUND

Recent Developments in Commercial Bank Debt Restructuring

Prepared by the Exchange and Trade Relations Department

(In consultation with other departments)

Approved by L.A. Whittome

March 14, 1988

Contents

Tables

Appendix Tables

Charts

Recent Developments in Commercial Bank Debt Restructuring

I. Introduction

This paper provides supplementary information for the report on "Management of the Debt Situation--Developments, Issues, and Role of the Fund" (EBS/88/55, 3/9/88). It analyzes in greater detail selected topics discussed in that report and provides updated statistical information on bank debt restructurings, concerted financing packages, and flows from multilateral development banks. More detailed information on recent banking flows and international bond issues is contained in "International Banking Activity in the First Three Quarters of 1987," (SM/88/45, 2/19/88). Recent developments in official debt rescheduling are reviewed in "Official Multilateral Debt Rescheduling: Recent Experience" (SM/88/59, 3/9/88). A separate paper examines "Recent Experience with Multiyear Restructuring Agreements and Enhanced Surveillance," (forthcoming).

This paper is organized as follows. Section II provides an overview of recent bank financing arrangements with countries experiencing debt servicing difficulties, while Section III focuses on the evolving market-based financing options and includes a discussion of debt conversion schemes, buy-backs, and the Mexican debt exchange. Regulatory and tax issues as they relate to bank lending and restructuring are dealt with in Section IV, while recent cases of financing assurances, and commercial bank linkage, are described in Section V. Recent activities of multilateral development banks are summarized in an Appendix.

II. Recent Developments in Bank Lending and Restructuring

1. Overview

The cooperative approach to bank debt financing experienced a partial recovery during 1987 and early 1988 following earlier setbacks. These setbacks had included most notably: serious delays in assembling financing packages, reflecting the greater divergence in commercial banks' interests; the significant accumulation of arrears by six of the fifteen heavily indebted countries; and the growing concern about countries' ability to service higher debt burdens. Moreover, substantial provisioning by creditor banks and a decline in prices in the secondary market cast a pall over prospects for assembling concerted loans.

This recovery was reflected in part in greater banking flows to developing countries experiencing debt servicing difficulties, especially the 15 heavily indebted countries. During the first three quarters of 1987, bank claims on the group of 15 heavily indebted countries increased by $3 billion, compared with a $2 billion net repayment in the comparable period in 1986 (Chart 1). This was partly due to the disbursement of concerted loans to Mexico of net $3 billion and also to an accumulation of interest arrears of about $3 billion by some of these countries, which were offset by debt conversions and debt sales by creditor banks to nonbanks. Bank claims on all developing countries, excluding offshore centers, rose by $4 billion during the first three quarters of 1987, compared with a net reduction of $4 billion during the corresponding period a year earlier.

Advisory committee banks responded flexibly to the challenges posed by weakening bank cohesion and accumulation of interest arrears. Weakening bank cohesion has in part been addressed by further development of the menu approach and by legal means to lift out recalcitrant banks. Menu options provide alternative ways for banks to contribute to a financing package; in particular, early participation fees can improve the responsiveness of banks while banks with smaller exposures have the option--through exit bonds--not to participate in future rescheduling and new money packages. Alternatively, some recalcitrant banks have been dropped from final bank agreements, although they generally continue to receive payments on the same basis as participating banks.

In dealing with accumulated arrears on interest and principal payments, agreements in principle were reached in the cases of Mozambique and Ecuador; in addition, an understanding between Côte d'Ivoire and its creditor banks was reached, and an interim accord between Brazil and its creditor banks was signed that involved a refinancing by banks of a part of these arrears.

Securitization was a prominent development in 1987 including securitized new money contributions (new money bonds), exit bonds, and the exchange of bank debt for securities proposed by Mexico. In Bolivia, a debt buy-back scheme was arranged whereby Bolivia would buy back its bank debt at a discount with donated funds.

2. Bank financing packages agreed during 1987-88

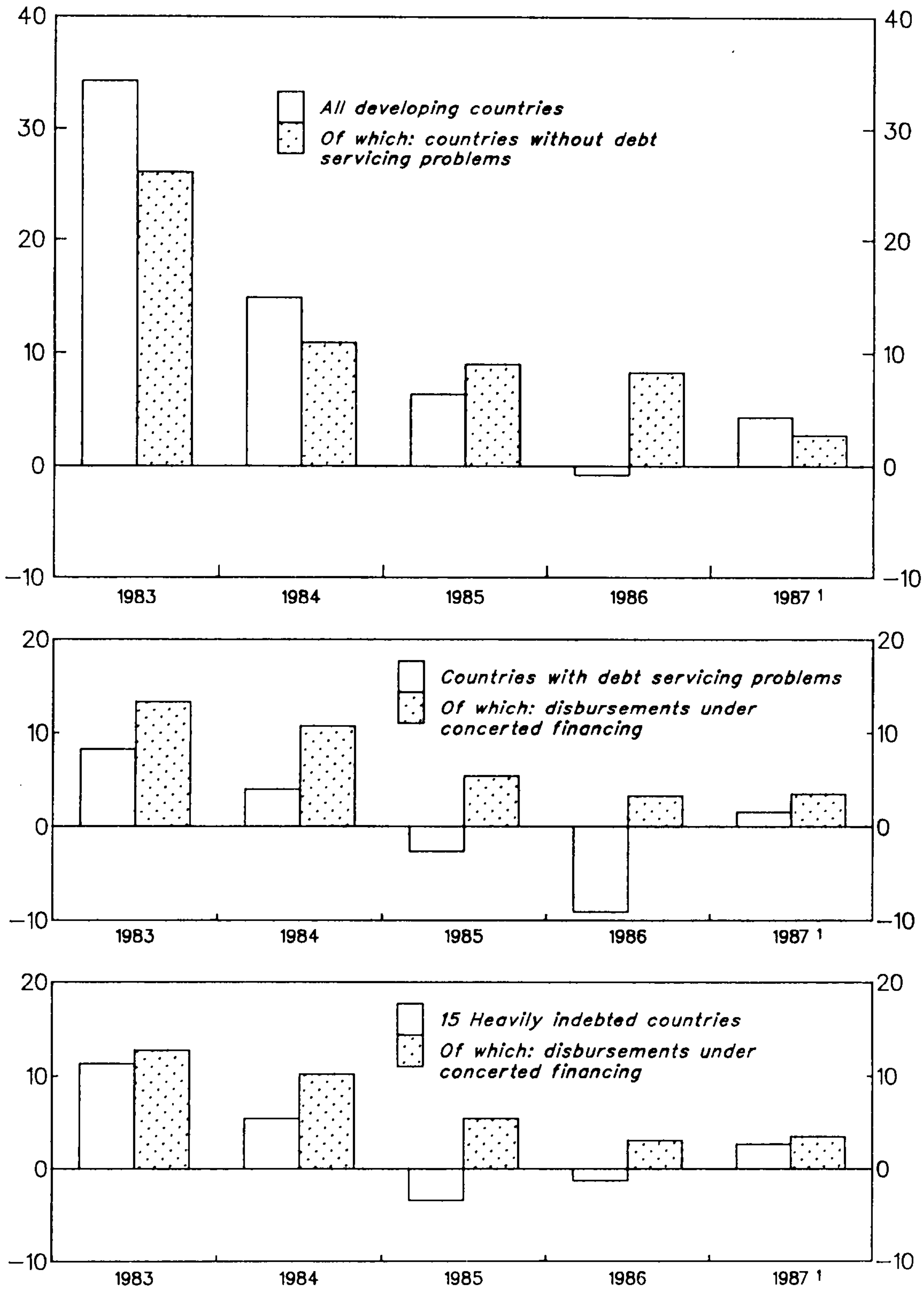
New commitments for concerted lending amounted to $2.4 billion (Argentina, Ecuador, and Mozambique) in 1987, compared with $8.3 billion in 1986. In addition, an interim agreement between Brazil and its bank creditors was reached in November 1987 on normalizing accumulated interest arrears and a restructuring package; an understanding on a medium-term concerted financing package for $5.8 billion was reached with Brazil's bank advisory committee in February 1988. Côte d'Ivoire also reached an understanding with its bank advisory committee on a concerted lending package of about $150 million in February 1988.

Disbursements under concerted lending packages for Argentina, Mexico, and Panama, amounted to $5.6 billion in 1987, up from $3.3 billion in 1986 (Appendix Table 7). No disbursements from concerted packages occurred in the first two months of 1988. In early

CHART 1

BANK LENDING TO DEVELOPING COUNTRIES, 1983-1987

(In billions of U.S. dollars)



Sources: *International Banking Activity in the First Three Quarters of 1987*, SM/88/45 (2/19/88); and Fund staff estimates.

[1]Data for January - September 1987 are at annualized rates, except for concerted financing which are actuals.

1988, an agreement was finalized between Colombia and its commercial bank creditors on a new $1 billion loan, and Venezuela launched a Eurobond issue, the first return to international bond markets by a country which had undergone debt restructuring.

The menu approach was adopted explicitly with the Argentina financing package agreed in August 1987 (Table 1). An early participation fee was provided and ensured a relatively swift conclusion of the package compared to other agreements concluded in 1986-87. Banks had the option to take up new money bonds (discussed below); Alternative Participation Instruments, or exit bonds, were offered for banks with smaller exposures but were taken by only a limited number of banks as the terms appeared too unattractive; parallel financing with the World Bank was arranged for part of the new money; and a new conversion scheme was introduced (see below).

The menu approach was again followed in the agreement in principle between Ecuador and its steering committee in November 1987. Features included were an early participation fee, new money bonds, exit bonds (5 1/2 percent fixed interest rate, 19 year maturity, 7 years grace, up to $5 million of eligible debt) for banks with limited exposure, and a parallel cofinancing with the IBRD for $150 million of concerted lending.

Several agreements were reached in 1987 and early 1988 that addressed the problem of accumulated interest arrears. In May 1987, banks agreed to extend a new loan to Mozambique in the amount equivalent to its outstanding nonprincipal arrears ($113 million). Each bank's contribution was based on the amount of such arrears owed to that bank. The bank financing agreement with Mozambique also consolidated all short-term public sector debt into a medium-term loan and restructured all outstanding medium-term debt.

Ecuador stopped making interest payments to commercial banks in January 1987 and suspended all payments to commercial banks and official creditors in March 1987 after strong earthquakes destroyed a portion of the country's main oil pipeline and forced a halt in oil production and exports. With the pipeline repaired and oil production above the pre-earthquake level, Ecuador resumed current interest payments and reached agreement with the bank advisory committee on a new financing package. Banks are being asked to provide $350 million of concerted financing, with equiproportionate contributions based on exposure, which will be used to pay off the accumulated interest arrears to banks.

Brazil announced on February 20, 1987 that it would suspend all interest payments on its medium- and long-term debt to banks until an agreement on new bank financing was reached. As negotiations over a new financing agreement were protracted and nonpayment of interest continued through the fall of 1987, the possibility arose that U.S. banks might have to make mandatory provisions. Brazil reached an agreement with banks in November 1987 on an interim solution to normalize the situation

Table 1. Financing Instruments and Options in New Money Packages (NM) and Restructurings of Bank Debt (R) of Selected Developing Countries, 1983-87 1/

Country	Currency (Re)denomination	Interest Rate Options 2/	On-lending/ Relending	New Trade Facilities	Debt Conversions	World Bank Cofinancing/ Parallel Financing	Retiming	Securitization	Alternative Participation Instruments
1987									
Argentina	NM,R	NM,R	NM,R	NM	NM,R	NM 3/	R	NM	R
Chile	R	R	R		R		R		
Ecuador	NM,R	NM,R	R		NM,R	NM 3/	R	NM	R
Philippines	R	R	R		R				
Venezuela	R	R	R		R				
1986									
Brazil	R	R	R		R				
Mexico	NM,R	NM,R	NM		NM,R	NM 4/			
Nigeria	NM,R	NM,R			R				
1985									
Chile	NM,R	NM,R	NM,R		NM,R	NM 4/	R		
1984									
Argentina	NM,R	NM,R	NM	NM					
Brazil	NM,R	NM,R	NM,R						
Chile	NM	NM							
Mexico	NM	NM							
Philippines	NM,R	NM,R	NM 5/	NM					
Venezuela	R	R	R						
1983									
Argentina	NM	NM							
Brazil	NM,R	NM,R	NM,R						
Chile	NM,R	NM,R							
Mexico	NM,R	NM,R							

Sources: New financing and restructuring agreements.
1/ Classified by year of agreement in principle.
2/ LIBOR and domestic floating rate options or fixed rate options.
3/ Parallel financing.
4/ Guarantees.
5/ Revolving short-term trade facility.

while a medium-term financing package was being negotiated. Brazil agreed to make some payments towards the accumulated arrears, while the banks refinanced a portion of these arrears. Only banks representing 85 percent of total medium- and long-term bank exposure were asked to participate in a short-term facility. The agreement, however, explicitly states that contributions to the medium-term loan to be arranged will be based on total--including short-term--exposure at the base date.

Brazil paid in December and early January a total of $1.5 billion of the interest due during October-December 1987, of which $1 billion was financed by banks; in addition, Brazil paid the interest due to banks in January and February 1988. A further $3 billion covering interest arrears accumulated from February to September 1987--$1 billion from Brazil and $2 billion provided by the banks--was to be paid after agreement on the medium-term package was reached. The short-term financing provided by banks--$3 billion in all--was to be repaid by end-June 1988 from a new medium-term concerted financing package. On February 28, 1988, a package was announced that provided for about $5.8 billion in concerted lending together with some replenishment of short-term trade and interbank lines, so that the total amount of the financing package would be in excess of $6 billion. The terms (spread of 13/16, maturity of 20 years, and 5-year grace period) were announced a week later, while other features of the package remained under discussion.

An understanding was reached in February 1988 on a concerted financing package for Côte d'Ivoire to refinance interest arrears that had accrued since mid-1987, together with a rescheduling agreement on existing debt. Under the understanding, Côte d'Ivoire will resume payment of interest from April 1988. The financing package provides approximately $150 million in concerted lending based on outstanding exposure at the cut-off date in November 1983. The rescheduling portion of the agreement restructures all maturities of debt originally outstanding at the cut-off date and remaining unpaid, equivalent to about $2 billion. In order to cope with the "free rider" problem arising from the possible nonparticipation of some banks in the new money package, creditor banks are required to sign the concerted financing package before joining the rescheduling package. Exit bonds are offered as an alternative for those banks unwilling to participate in the concerted financing package; these bonds would carry an interest rate of 5 percent, with a maturity of 25 years and a grace period of 12 years. In addition, a short-term bridge loan will be arranged in an amount equal to the new medium-term loan, to be disbursed to clear arrears on interest at end-March 1988, the date that the rescheduling becomes effective, and to be repaid with the disbursement of the new medium-term loan, expected in October 1988.

In two recent restructuring packages, the problem of recalcitrant banks was solved by excluding them from the final agreement but by treating them as if they had participated. 1/ The long-delayed financing package for Nigeria (covering the restructuring of medium- and long-term maturities and short-term trade arrears, and a concerted financing package) became effective in December 1987. The initial delays had been due to a dispute over the treatment of uninsured trade claims and the low participation of Japanese banks, stemming partly from their nonparticipation in the initial negotiations. Japanese bank participation was obtained by mid-1987, and an agreement on uninsured claims was finally reached in November 1987. Although there were still close to 50 creditor banks that had not signed the restructuring agreements and the concerted financing package, the participating banks decided to go ahead with the arrangement in view of the already extremely long delay. The final deadline for participation is March 1988, and additional banks were expected to join by then. Participating banks intend to share all payments with the nonparticipating banks, as if the latter had joined the agreements, with the expectation of limiting the possibility of suits.

Morocco also experienced difficulty in obtaining all signatures for its rescheduling agreement. An agreement in principle had been reached in December 1986, but technical problems and the reluctance of some banks to participate delayed the final effectiveness of the agreement until January 1988. One bank ultimately refused to sign an amendment to the 1983-84 rescheduling agreement and thus blocked the conclusion of the agreement. In this case, a new rescheduling agreement was drawn up between Morocco and participating banks that made the amendment effective without the participation of the recalcitrant bank. The nonparticipating bank will, nonetheless, receive payments per the new agreement. The new agreement is conditional upon the nonparticipating bank receiving no more favorable treatment than the participating banks.

Three financing agreements reached in late 1987 and early 1988 included elements of spontaneous financing. In December 1987, a "club deal"--a loan from a small group of lenders with close business ties to the borrower--was arranged between Gabon and a group of commercial banks, which provided $50 million. Gabon rescheduled bank debt at the same time, but in view of the relatively large size of the new loans, which increased banks' end-1986 claims on the Gabonese government by

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1/ There are two earlier similar cases: in the 1983 and 1985 reschedulings of Costa Rica's bank debt one bank refused to participate; but according to a 1985 agreement between Costa Rica and that bank, all relevant claims were to be treated as if they were governed by the terms and conditions of the restructuring agreements. Two creditors did not participate in Jamaica's 1985 and 1987 commercial bank debt restructuring; an out-of-court settlement was subsequently reached with one creditor who sold the relevant claims to investors who were expected to exchange these claims for equity in the context of the debt conversion scheme introduced in late 1987.

about 45 percent, the loan was not arranged on a concerted format, but was based on contributions from banks with close business ties with Gabon; this was facilitated by the fact that these banks viewed Gabon's medium-term economic prospects, in particular those of the oil sector, very favorably.

A $1 billion bank loan for Colombia was finalized in early January 1988. Although organized by an advisory committee of banks, the loan was not based on equiproportionate participation by all creditor banks. This loan was preceded by a concerted loan for $1 billion in 1985. In February 1988, Venezuela placed a $100 million issue of Eurobonds. This marked the first time that a developing country that had restructured its debt, has re-entered the Eurobond market after having lost access.

During 1987, $92.4 billion of long-term debt was restructured (Appendix Tables 8, 9, 10, and 11). The largest amounts were restructured in Western Hemisphere countries: Argentina ($29.5 billion), Venezuela ($20.3 billion), Chile ($5.9 billion), Ecuador ($4.7 billion), Uruguay ($2.1 billion), and Jamaica ($0.4 billion) all agreed on or modified existing MYRAs while Honduras ($0.2 billion) also rescheduled. There were three African countries which restructured part of their long-term debt in 1987: South Africa ($10.9 billion), Mozambique ($54 million, with an additional $86 million in short-term loans consolidated into a medium-term loan) and Gabon ($39 million). In Europe, Poland reached a preliminary agreement on restructuring $8.4 billion while Romania modified its 1986 agreement ($0.8 billion). The only member country to restructure in Asia was the Philippines with a $9.0 billion MYRA.

Thus far in 1988 no agreements in principle have been reached with advisory committee banks on restructuring long-term debt. But the understandings reached with Côte d'Ivoire in February 1988 and the financing package under discussion for Brazil will include MYRAs for amounts yet to be announced for both countries.

3. Terms

Terms on new bank concerted lending commitments and debt restructurings stabilized during 1987 and early 1988, after their marked declines during 1985-86 (Chart 2, Table 2 and Appendix Table 12). Differences continued, however, in both spreads and maturities between restructuring and new money agreements, between large and smaller debtor countries, and between spontaneous and concerted packages. Average spreads under restructuring agreements declined to 89 basis points during 1987, after having steadily fallen from a high of 194 basis points in 1983. The easing of spreads on existing debt that was restructured has been particularly marked for Western Hemisphere countries, where these spreads averaged 87 basis points in 1987, compared with almost 200 basis points in 1983. By contrast, in Africa the spreads on recent reschedulings averaged close to 120 basis points

Table 2. Average Spreads on Bank Financial Packages for Developing Countries

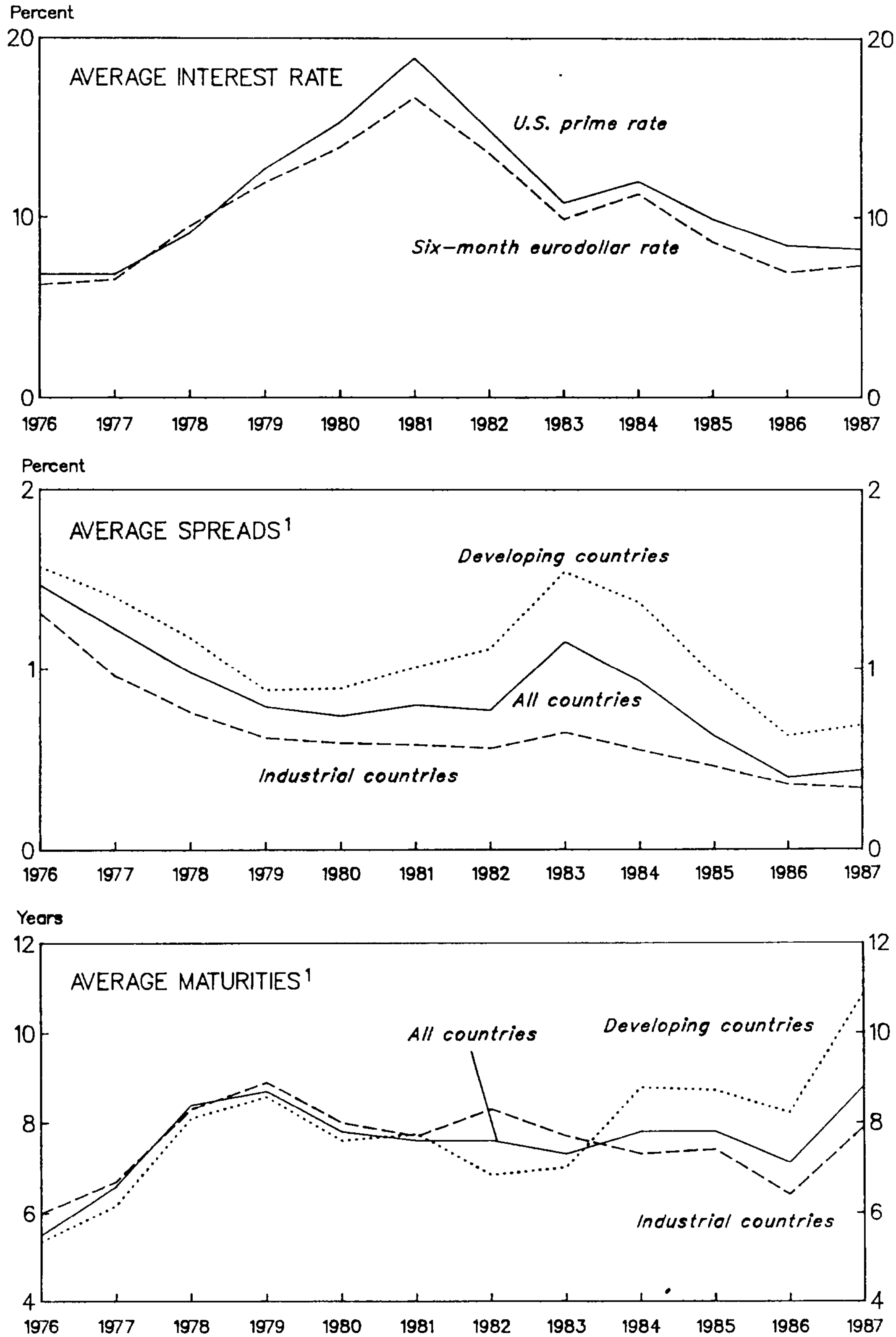
(In basis points over LIBOR)

	1983	1984	1985	1986	1987
Spontaneous commitments 1/	80	71	71	61	48
Concerted commitments 2/					
All	225	185	179	84	90
Three largest debtors 3/	225	186	...	81	88
Others	223	174	179	140	103
Restructuring of existing debt 2/					
All	194	129	136	96	89
Three largest debtors 3/	193	126	...	85	81
Others	196	134	136	141	93
Memorandum items:					
Difference between spreads					
Concerted/spontaneous	145	114	108	23	41
Restructuring/spontaneous	115	58	65	35	40
Concerted/restructuring	30	56	43	-12	1
Largest/others					
Concerted	2	12	...	-59	-15
Restructurings	-2	-8	...	-56	-12
Implicit yield in the secondary market for debt 4/	...	...	...	450-900	700-1,350

Sources: Organization for Economic Cooperation and Development, Financial Market Trends; and Fund staff estimates.

1/ Weighted average of nonconcerted bank commitments to "Other LDCs" and "Oil-exporters" as defined by the OECD.
2/ Based on term sheets agreed in principle.
3/ Argentina, Brazil, and Mexico.
4/ The spreads are calculated on the basis of average market discounts in the respective year; traded claims are viewed as perpetual debt, the lower end of the range indicates the implicit yield for claims regarded as perpetual debt; the upper end of the range indicates the implicit yield for debt with 15 years maturity and a 5 year grace period.

CHART 2
TERMS ON INTERNATIONAL BANK LENDING COMMITMENTS, 1976–87



Sources: Organization for Economic Cooperation and Development, *Financial Market Trends;* International Monetary Fund, *International Financial Statistics;* and Fund staff estimates.

[1]New publicized long term international bank credit commitments.

in 1987 compared with 160 basis points in 1983. On average, spreads on concerted commitments during 1987 were virtually unchanged compared to 1986 at about 90 basis points, and thus remained significantly below the average of 225 basis points recorded in 1983. The difference between spreads on spontaneous and concerted commitments for developing countries narrowed from 108 basis points in 1985 to 41 basis points in 1987.

Lower spreads, while easing the debt-service burden to debtors, and thus reducing their financing requirement that may, in turn, need to be covered by banks, do not necessarily bode well for the debtor countries' return to spontaneous financing; they are based on concessions by the creditors which recognize the debtor's limited debt servicing capacity rather than on an improvement in the debtor's creditworthiness. Market-related yields on bank loans to countries with debt servicing problems may be inferred from the secondary market prices for developing country bank loans, although because of thinness of the market and other factors inhibiting transactions, the meaningfulness of these prices has been questioned by several observers, including accountants and regulators. Yields to maturity on discounted bank claims--calculated by average secondary market prices of bank debt for the 15 heavily indebted countries--rose from about 11 1/2 percent in 1986 to about 14 percent in 1987. 1/

Notwithstanding the general trend toward lower spreads, market-oriented price incentives have been introduced in some financing packages. In two of the concerted financing packages agreed during 1987--Argentina and Ecuador--banks were offered an up-front fee for early participation. In the Mexican debt exchange (explained below), the spread on bonds that was being offered in exchange for the bank loans was set at twice that for the loans (1 5/8 percent against 13/16 percent) in order to facilitate the voluntary exchange. Terms on the Venezuela Eurobond issue (5 years at 3 1/2 percent over the U.S. Treasury note rate) offers an indication of more market-oriented terms. The interest rate on 5-year U.S. Treasury notes averaged about 3/8ths of a percentage point above LIBOR in 1987.

Average maturities under restructuring agreements declined slightly during 1987 after having lengthened from about 7 1/2 years in 1983 to about 16 years in 1986. Excluding the arrangement with South Africa, the average maturity on restructured bank debt was 15 1/2 years in 1987. Maturities on concerted commitments for Mozambique and the

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1/ These yields to maturity were calculated from discounts of about 30 percent in 1986 and more than 40 percent in 1987, based on the average 3-month LIBOR in those years and a spread of 1 percent, and an assumption that bank loans are viewed as perpetual claims. The yield to maturity would be higher if the principal were assumed to be repaid according to present contractual terms. With an average maturity of 10 years, the yield to maturity would have been about 16 percent in 1986 and about 21 percent in 1987.

medium-term loan for Argentina were 12 years, while the maturity on the concerted commitment for Ecuador was 8 years. From 1983 to 1986, average maturities under concerted lending increased from 6 1/2 years to 10 1/2 years. By contrast, the average maturity on spontaneous bank loans to developing countries ranged from eight to nine years during 1984-87. Thus, the concerted loans for Mozambique and Argentina exceeded the average for spontaneous commitments by three years, while the concerted commitment for Ecuador had a maturity which was slightly shorter than for spontaneous commitments. On the other hand, maturities on debt restructured in 1987 were nearly double the maturity for spontaneous commitments to developing countries.

III. Market-Based Menu Options

A secondary market has emerged since 1982 for bank claims of developing countries that have experienced debt-servicing difficulties. As that market has expanded and prices of bank claims have declined, bank advisory committees have increasingly sought to develop financial modalities--market-based menu options--that are attractive to creditor financial institutions and that take into account this market's valuation of claims, while also permitting the debtor either indirectly or directly to benefit in part from prevailing discounts through debt conversion schemes, direct buy-backs, or debt exchanges. To date, such options have had only limited attraction to creditor financial institutions; debt conversion schemes have thus far been the most extensively utilized of these menu options. While possibly encouraging greater participation by creditor banks in financing packages, these market-based menu options provide in themselves only modest cash relief; therefore continued concerted financing may remain necessary in the near term for some debtor countries.

1. Secondary market for bank claims

Two types of transactions appear to dominate in the secondary market for bank claims. One, swaps among banks to eliminate minor holdings and to concentrate holdings of claims on debtor countries where banks may have a long-term business interest. Two, outright sales for use in debt conversions. Spreads and fees on transactions are steep and vary widely depending on the debtor country. Trades are complex and require customized legal documentation and signatures from counterparties. At times, the permission of the debtor country may be required to transfer a claim from one creditor to another. Depending on the nature of the debt transacted, the debtor country, and the volume, trades may take from a few weeks to several months to complete.

"Published" discounts for bank claims reflect a mixture of actual transactions, bid/offer prices by dealers, and judgment. For the most part, published prices do not represent firm quotes but they reflect historical prices or are considered indicative prices. For small amounts of actively traded debt, it may be possible to transact at published prices; however, for large amounts of such debt, or for less actively traded debt, transactions may need to take place at a discount from published prices in order to find a buyer interested in acquiring the claims of a debtor country.

Secondary market prices for bank claims on the 15 heavily indebted developing countries dropped sharply during 1987. Discounts on these countries' bank debt ranged from 20 percent to 90 percent of face value. The weighted average price for these countries hovered slightly under 70 percent of face value during 1986 and early 1987, before dropping to about 45 percent of face value in October 1987 (Chart 3). (For a table on recent prices see "International Banking Activity in the First Three Quarters of 1987," (SM/88/45, 2/17/85).) The drop in prices appeared to reflect, in particular, the deterioration of debtor-creditor relations and substantial provisioning by banks in Canada, the United Kingdom, and the United States; prices for all countries began to drop sharply from February 1987 when Brazil, followed by several other debtor countries (e.g., Côte d'Ivoire, and Ecuador), announced suspensions of their debt-service payments. Prices recovered somewhat to about 50 percent at the end of the year, when an accord was reached between commercial banks and several debtor countries that had previously suspended debt service payments, most notably Brazil. By February 1988, the weighted average for the 15 heavily indebted countries had again slipped somewhat to 46 percent of face value, or about one third lower than a year earlier.

The total volume of claims sold in the secondary market is difficult to gauge. A single debt instrument may be involved in many transactions as it is assembled into a larger package for debt conversion or for a swap operation. Thus, estimates of market transactions considerably overstate sales by original holders and the extent that such claims have been retired by the debtor. Nonetheless, estimates of gross transactions in the secondary market ranged from $15 billion to $20 billion in 1987, and considerably more--at an annualized rate of $50 billion--during the first two months of 1988.

Observers have noted that activity in this market is dominated by supply conditions as demand is relatively limited. On the supply side, provisioning levels may affect prices since they are perceived to increase banks' willingness to participate in this market. However, banks with larger exposure have remained reluctant for accounting and regulatory purposes to transact only a portion of their portfolio; they are concerned that they might be compelled to value their remaining claims on the same debtor at the transaction price. This "contagion effect" or "portfolio contamination" may discourage these banks from selling into the market (see Section IV for a more detailed discussion). Banks with smaller exposures, especially from continental Europe and the United States, have sought to exit the restructuring process by selling their claims at a loss. Developments in a debtor country's economic situation--particularly a suspension of interest payments--also has had a very important impact on prices in the secondary market.

On the demand side, debt conversion schemes have played a major role. Demand has mainly come from domestic residents of countries whose bank debt is trading at a discount and from foreign private corporations interested in a less costly vehicle for equity investment. Regulations in both the debtor country and in creditor countries have had a significant influence on the price and volume demanded. Private nonbank portfolio demand for discounted sovereign bank demand has been virtually nil. Market participants have indicated several reasons for the absence of such demand. One, the yield on discounted bank debt for major debtors is insufficiently attractive--at least by comparison with high-yield bonds, or noninvestment-grade bonds, in the United States. Two, nonbank institutional investors prefer fixed-interest rate instruments to floating interest rate instruments. Three, the notional maturity on rescheduled bank debt--up to 20 years in some cases--is substantially longer than the maturities associated with high-yield bonds (5-10 years); thus the maturity for bank debt is of less interest at present to private nonbank investors. Four, technical financial analysis is believed to be less effective in quantifying risk and return for sovereign claims than corporate liabilities. Five, nonbank institutional investors prefer instruments with liquid secondary markets.

2. Debt conversions

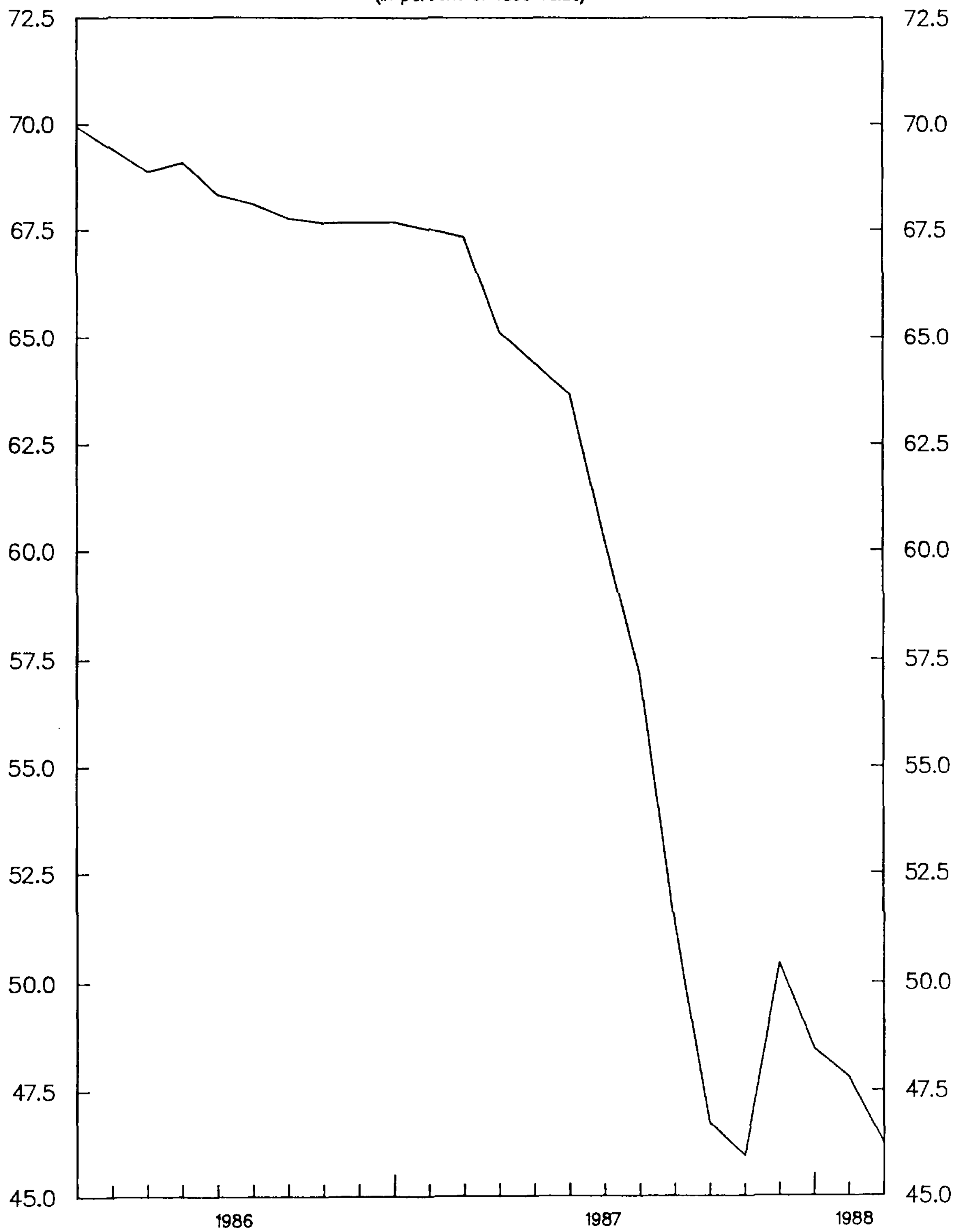
Debt conversion schemes have been established in several debtor countries (e.g., Argentina, Brazil, Chile, Costa Rica, Ecuador, Mexico, the Philippines, and Venezuela), in many cases in the context of bank restructuring agreements. For debtor countries, such schemes may provide a means of benefiting--at least indirectly--from prevailing discounts on sovereign debt in secondary markets, while for banks they facilitate an exchange of loan claims either for cash in the secondary market, or for other types of claims, such as equity investment. During the period 1984-87, an estimated $7.6 billion in bank debt was converted under official recognized schemes (Table 3). This amount represented about 3 percent of outstanding bank debt of those countries with active conversion schemes, although in some cases a substantially larger share of bank debt has been retired (e.g., in Chile, 23 percent of its long-term bank debt has been converted under the existing schemes).

The debt conversion schemes in Argentina, Brazil, Chile, Costa Rica, Ecuador, Mexico, the Philippines, and Venezuela have been described in "Implementation of the Debt Strategy - Current Issues" (EBS/87/38, 3/9/87, Sup. 1) and "Capital Market Financing for Developing Countries - Recent Developments, 1987" (SM/87/207, 8/17/87). This section describes recent changes in Argentina, Mexico, and Chile, and discusses the issues raised by the operation of debt conversion schemes in the light of experience so far.

CHART 3

SECONDARY MARKET PRICES FOR DEVELOPING COUNTRY BANK CLAIMS, MARCH 1986–FEBRUARY 1988[1]

(In percent of face value)



Source: Salomon Brothers.
1 Weighted average prices for 15 heavily-indebted countries.

Table 3. Debt Conversions, 1984-87 1/

(In millions of U.S. dollars)

	1984	1985	1986	1987
Argentina	31 2/	469 2/	--	--
Brazil	731	537	176	380
Chile	--	323	974	1,997
Costa Rica	--	--	7	92
Ecuador	--	--	--	125
Honduras	--	--	--	6
Mexico	--	--	413	1,050 3/
Philippines	--	--	15	266
Total	762	1,329	1,585	3,910

Sources: Central Bank of Argentina; Central Bank of Brazil; Central Bank of Chile; Mexico, Ministry of Finance; Central Bank of Philippines; and Fund staff estimates.

1/ Face value of debt converted under officially recognized schemes.
2/ The annual breakdown of conversions is estimated.
3/ Estimate.

In accordance with the 1987 new bank financing agreement, the Central Bank of Argentina held the first auction under its new debt conversion scheme in January 1988. The auction allocated debt conversion rights equivalent to $84 million at an average discount of 35 percent. Further auctions are planned; an overall limit of $1.9 billion--about 6 percent of Argentina's bank debt--has been set on bank debt conversions during the next five years. Argentina reduced the requirement for matching funds from 50 percent to 30 percent of the approved investment and allowed these funds to be provided in foreign or domestic currency. However, the import content of any new investment financed through conversion schemes must be covered with foreign exchange. With the introduction of a second, freely determined, exchange rate for nontrade, private sector transactions, debt will now be converted into domestic currency at the free market exchange rate rather than the official exchange rate.

In Mexico, a temporary suspension of the debt-equity scheme was announced in October 1987; total debt conversions under the officially recognized debt conversion schemes amounted to $1.1 billion in 1987 or about 2 percent of Mexico's total medium-term bank debt. Since that date, no new applications for conversions have been accepted, although a further $700-800 million conversions already in the pipeline have been approved for 1988. This amount, if not augmented by new approvals, would represent a drop of about 30 percent from the level of debt conversions in 1987. However, the scheme is expected to resume during 1988. In announcing the scheme's suspension, the Mexican authorities expressed concern about its monetary and inflationary impact; it is estimated however that the domestic currency equivalent of debt conversions under this officially recognized scheme accounted for only about 4 percent of the total increase in the money supply in 1987. The authorities thought that the sharp increase in the discount on Mexican debt in secondary markets during 1987 was largely benefiting foreign investors, while they also worried about the impact of debt conversions on the allocation of new investment. Under the Mexican debt conversion scheme, the authorities converted bank claims at less than face value. These conversion ratios did not have a mechanism by which they could be automatically adjusted to reflect changes in secondary market discounts.

In Chile, where total debt conversions have been greatest, the authorities are generally satisfied with the scheme's operation. The Central Bank's share of the discount on debt converted into domestic claims rose from about 15 percent at the beginning of the year to 30 percent as the secondary market price of Chile's debt dropped from about 70 percent to a low of 50 percent of face value. At the same time, there was no slowing in the pace of conversions. Thus, the Central Bank shared effectively in the increased discount. As far as debt-equity conversions were concerned, the authorities negotiate with potential investors on a case-by-case basis. There is no information on the average split of the prevailing discount in secondary markets involved in this type of conversion.

The impact of debt conversion schemes on the debtor country varies according to the nature of the scheme. Under typical debt conversion schemes, loan claims are retired by the debtor authorities at face value, even if purchased at a discount by a private investor; however frequently there is a mechanism by which the debtor country may benefit from the lower price in the secondary market. Among the mechanisms employed by debtor countries are conversion fees, auctions of conversion rights, and conversion at a parallel exchange rate (Table 4). In addition, in some countries debt conversions are permitted only at an exchange ratio below the face value.

The impact of debt conversion schemes on the external accounts depends on its implications for investment and savings. Higher domestic investment may result if debt conversion schemes lead to an increase in available foreign savings--additionality. However, in the absence of greater foreign savings, savings could be diverted, and investment could be crowded out, in order to make resources available to repay foreign debt prematurely. For this reason, debtor countries have in many cases established arrangements to attempt to ensure that additional capital flows accompany debt conversions. Some countries require foreign exchange inflows to match debt conversions to offset the impact of early debt retirement on the external accounts. Moreover, equity investment financed by converted debt typically has restrictions on profit remittances and capital repatriation beyond those on other types of foreign investment.

Debt conversion schemes also have implications for the management of financial policies. If domestic currency is issued as the counterpart to the converted external bank claim, such schemes may have a monetary impact with attendant implications for inflation, exchange rates, and international reserves. If bonds are issued to avoid this monetary impact, then interest rates may instead rise. Debt conversions that are not intermediated by the central bank require the firm converting debt to "repay" it through raising additional long-term domestic debt, and thus no additional domestic currency or cash equivalents are created. Some countries, including Argentina, Chile, and Venezuela, permit the relatively unrestricted conversion of private sector debt into equity of the original debtor. Such conversions do not have any domestic monetary implications because the central bank does not need to issue domestic currency.

In Chile, with a large and active market for long-term bonds, debt conversions have had no immediate monetary impact, because the issues of long-term bonds have absorbed the domestic cash equivalents of liabilities converted under the schemes. In contrast, the absence of a long-term domestic debt market in Mexico has meant that bank debt conversions have had a direct monetary impact: external debt was effectively repaid in domestic currency with cash, as it was exchanged for very short-term Treasury notes, which could shortly be redeemed for cash. The Mexican experience suggests that the potential effects of debt conversion on financial policies may be particularly important

Table 4. Features of Debt Conversion Schemes

	Argentina	Brazil 1/	Chile 2/	Costa Rica	Ecuador 3/	Honduras	Mexico 4/	Philippines	Venezuela
Eligible investors									
Nonresidents									
Any creditor	x		x	x	x	x	x	x	x
Original creditor only		x 5/							
Residents	x		x	x	x	x	x	x	
Eligible external debt									
Public sector	x	x	x	x	x	x	x 6/	x	x
Private sector	x	x	x					x	
Exchange rate for conversion									
Official exchange rate		x	x	x	x	x		x	x
Parallel exchange rates	x 7/						x 7/		
Valuation of debt for conversion									
Face value		x	x 8/		x	x 9/		x 10/	
Below face value	x 11/		x 8/	x		x 9/	x		x 12/
Eligible domestic investments									
Equity									
Parastatal enterprises			x			x	x	x	x
Private companies	x	x	x	x	x	x	x	x	x
Original obligor only	x 13/		x						
Debt									
Public sector			x	x					
Private sector			x						
Repayment of domestic obligations		x	x		x		x		
Restrictions on eligible investments									
Restrictions on capital repatriations	x	x 14/	x	x	x	x	x	x	x
Restrictions on profit remittances									
Same as for all foreign investment		x							
More restrictive than the above	x		x	x	x	x	x	x	x
Other features									
Limit on value of conversions	x		x	x					
Auction of conversion rights	x		x 15/						
Conversion fees							x	x 16/	
Additional foreign exchange required			x				x 17/		x
Tax credits		x 18/							

Sources Argentina, 1987 Refinancing Plan; Brazil, Foreign Investment Law (Law No. 4.131 and Decree No. 55.762); Central Bank of Chile, Compendium of Rules on International Exchange and Decree Law 600; Central Bank of Costa Rica, A Guide for Converting Foreign Debt Securities Issued by the Central Bank of Costa Rica into Colones; Central Bank of Ecuador Monetary Board Circular Nos. 395-86 and 408-87; Mexico, National Commission on Foreign Investment, Manual Operative para la Capitalizacion de Pasivos y Sustitucion de Deuda Publica por Inversion; Central Bank of Philippines, Revised Circular No. 1111; Venezuela, Office of the President of the Republic, Decree No. 1521.d; Central Bank of Honduras.

1/ In November 1987, the authorities announced a new debt-equity swap scheme which is not yet in operation. The description in this table corresponds to the scheme in place prior to that date.
2/ Compendium of Rules on International Exchange, Chapters XIX and XVIII and Decree Law 600.
3/ Introduced in February 1987 and temporarily suspended in August 1987.
4/ Mexico has temporarily suspended receiving applications under the scheme in October 1987.
5/ Before June 1984, any nonresident could participate.
6/ Rescheduled debt only.
7/ Free market exchange rate.
8/ Conversions of Central Bank debt under Chapter XIX are at face value, while other conversions of public sector debt are subject to a small discount; conversion terms of private sector debt are negotiable.
9/ Depends on type of investment and on discount in secondary market.
10/ Debt redeemed at face value, but conversion fees apply.
11/ Discount, if any, determined by an auction.
12/ Discount, if any, determined by newly formed commission with oversight responsibility.
13/ Private sector debt only.
14/ Since March 1987, investment through debt conversion must remain at least 12 years in Brazil before becoming eligible for repatriation.
15/ Chapter XVIII investments only.
16/ Fees depend on the share of investment funded with foreign exchange.
17/ Investments in the nonpriority sectors only.
18/ Introduced December 1982; eliminated June 1984.

where instruments of domestic monetary control are more limited. Volume restrictions have been found useful by some countries in controlling the monetary implications and improving the predictability of these flows.

Debt conversion schemes may also be seen as an alternative technique to new money for banks to "contribute" to a debtor country's financing position because interest payments on the converted bank debt are eliminated and profit remittances are restricted for a period of time. However, the scale of debt conversions would not generally be sufficient at present to replace concerted financing where such financing continues to be needed. Banks have typically agreed to exclude converted claims from the base date exposure but bank cohesion could be weakened in the absence of such agreement or inadequate monitoring of conversions.

There have been some recent regulatory changes and rulings in creditor countries that have facilitated debt conversions. Prior to August 1987, U.S. banks' equity participation in nonfinancial firms was limited to 20 percent of that firm's equity; however, in August 1987 the Federal Reserve Board allowed U.S. banks under its authority to make equity investments up to 100 percent in nonfinancial companies in developing countries that have restructured their external debt since 1980, provided that the nonfinancial corporations were state-owned companies in the process of being privatized; ownership would have to be divested within five years (or ten years with special approval). In February 1988, these rules were further relaxed by allowing U.S. banks to swap debt for up to 40 percent of the shares in any private sector nonfinancial company from a heavily indebted developing country so long as the bank does not hold the largest block of shares. The bank would be permitted to hold the investment for up to two years after the end of the period during which the debtor country restricts full repatriation of the investment but not more than 15 years.

In January 1988, the Japanese authorities clarified the tax treatment of debt-equity conversions by Japanese nonbanks. The authorities ruled that, provided such conversions are done in a single integrated transaction, discounted bank debt purchased on the secondary market would not be subject to capital gains taxes even if these claims were converted at, or near, their face value into equity. Prior to this ruling, the tax treatment was not clear and had hindered Japanese firms' participation in debt equity schemes. This clarification was viewed by some observers as perhaps paving the way for greater participation in debt-equity swaps by Japanese firms.

3. Buy-backs

Another technique that allows debtor countries to benefit from discounts on their debt in secondary markets is direct buy-backs. However, most debt restructuring agreements and syndicated bank credits contain a mandatory prepayment clause requiring the debtor to prepay all lenders on a pro rata basis if any portion of the credit is prepaid.

(Depending on the exact wording of this clause, debt conversions may, or may not, be considered a prepayment because the original obligor does not make a foreign currency payment.) Thus, it might not be technically possible to buy back debt directly without a waiver of the loan agreement, except for relatively small amounts. Creditor banks have thus far not agreed to buy backs using existing foreign exchange resources of the debtor government due to their concerns about establishing an adverse incentive structure--moral hazard implications.

After Mexico's public sector debt owed to commercial banks had been restructured, banks agreed in August 1987 that private sector debt covered by the Foreign Exchange Risk Coverage Trust Fund (FICORCA) would be rescheduled on terms comparable to those received by the Mexican public sector. This new rescheduling agreement provides that this debt would be converted into a long-term loan to the Government. 1/ It was estimated that the total amount of eligible debt was $9 billion. Before this agreement was scheduled to become effective in early 1988, Mexican private borrowers paid $2.7 billion for the prepayment of debt to commercial banks with a face value of $3 1/2 to 4 billion--a discount of between about 25 percent to 33 percent of face value. As a consequence, the total amount of private sector debt to be rescheduled may have been reduced to about $5 billion. The efforts of Mexican private borrowers to obtain U.S. dollar-denominated funds for this buy-back may have resulted on a drain in Mexico's international reserves.

A debt-for-products buy-back was adopted in Peru in 1987. Under the scheme, a bank agreeing to the scheme would receive shipments of Peruvian products and pay only two-thirds of the value of the goods, using the other one-third to retire existing debt. Two banks agreed to the scheme in September 1987, and an arrangement with a third bank was being negotiated.

In July 1987, creditor banks agreed to amend the 1981 rescheduling agreement to permit a two-step approach to resolving Bolivia's bank debt problem. In a first stage, Bolivia offered to buy back its debt at a discount or to convert it into equity. The buy-back arrangement is purely voluntary, and took place directly between Bolivia and its creditor banks rather than in the secondary market. In a second stage, the unredeemed principal and associated unpaid interest will be renegotiated at terms to be decided at that time; the terms are expected to be concessional.

Bolivia is permitted to use only foreign exchange obtained from donor governments for the specific purpose of financing the buy back. In order to ensure that foreign exchange from other sources (such as international reserves) will not be used, and also to protect the

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1/ For further details, see Mexico--Staff Report for the 1987 Article IV Consultation and Second Review Under Stand-By Arrangement (EBS/88/23, 2/4/88).

anonymity of the contributors, the Fund was asked by Bolivia to administer the buy-back. Some banks had insisted on the Fund's assistance in this respect as a condition for amending the 1981 restructuring agreement. In November 1987, the Fund established a voluntary contribution account to receive, administer, and disburse the resources contributed for the buy-back on the condition that the financing modalities of the buy-back are consistent with Bolivia's economic and financial program.

On November 6, 1987, the Bolivian authorities passed a decree establishing the domestic legal framework for the buy-back and setting a four-month deadline for the buy-back period. Commercial banks completed signing the amendment to the 1981 refinancing agreement on November 12, 1987. Accordingly, both the buy-back and debt-equity conversion programs are to be completed by March 12, 1988. In early January 1988, after the resolution of some further legal issues, an offering letter from Bolivia that was satisfactory to the coordinating committee was distributed to all creditor banks. Bolivia will, on this basis, offer to buy back its debt at 11 cents to the dollar (i.e., 89 percent discount) compared to a secondary market offer-price of 11 cents per dollar at that time; during 1987 as buy-back rumors circulated, the secondary market offer price for Bolivia's bank debt rose from an average price of 6 cents during 1986.

Banks can choose the amount of debt they are prepared to sell at that price, and have until March 12, 1988 to respond. Banks may receive their payment in cash, or in the form of zero-coupon 25-year investment bonds which if converted immediately into local currency investment would carry a 50 percent premium on the purchase price of the bond. If the local currency investment is effected at a later date, the premium will be reduced prorated. The bonds will be collateralized by Aaa-rated U.S. zero-coupon bonds held in trust.

In the case of Chile, the authorities are considering the use of international reserves either to purchase existing bank claims on Chile directly in the secondary market or to collateralize a Chilean bond which would be exchanged for existing medium-term Chilean bank debt at a discount--an operation similar to that of Mexico (see below). The current Fund-supported program includes a provision under which up to $500 million of international reserves could be used for such operations. 1/

4. Securitization

Securitization, which refers to the substitution of more tradeable financial assets for bank book claims, provides banks with an instrument to facilitate reorganization of their portfolios. In some cases, it may

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1/ For further details, see Chile--Review Under Extended Arrangement (EBS/88/22, 2/4/88).

enhance the perceived priority of such debt vis-a-vis other obligations. Securitization also may provide debtor countries greater access to nonbank sources of finance and may help to make a secondary market in their debt instruments--both book claims and securities--more transparent.

In general, there are two broad approaches to securitization: a country may raise new finance in the form of securities, and it may transform existing loans into securities. The 1987 financing agreement with Argentina was the first example of raising a portion of new concerted bank finance in the form of bonds--new money bonds (NMBs). Under that agreement, any bank that committed its full share of the new money package had the option to receive up to $1 million of its commitment as a bond--a securitized new money contribution. These NMBs were U.S. dollar-denominated bearer bonds that carried the same interest rate, maturity, and grace period as the term credit facility. About 100 banks requested these NMBs for a total amount of $84 million. This take-up was somewhat smaller than expected; the maximum issue of the bonds permitted was about $250-275 million. These NMBs were not expected to be rescheduled in the future because of their bearer form, which would make it difficult, and because of their modest amount, rescheduling would alleviate only slightly the total debt burden. New money bonds have also been proposed under Ecuador's 1987 new money package, but with banks permitted to replace any amount of their new money contribution with these bonds. The demand for these bonds is not yet known.

Securitization of existing bank loans has occurred through a variety of techniques. For example, interbank lines frozen by maintenance of exposure, or other, agreements have been securitized. In 1986, three Mexican banks and one Brazilian bank refinanced $0.5 billion of such debt, using note issuance facilities and floating rate notes. In 1987, an Argentine bank refinanced its certificates of deposit program with floating rate notes. Certain types of Nigerian debt were exchanged for promissory notes under its 1983 restructuring agreement, albeit of qualified transferability.

Alternative Participation Instruments (APIs), or "exit" bonds, were introduced in the 1987 Argentine package. Banks were permitted to exchange up to $5 million of their claims on public sector borrowers into APIs or up to $30 million if the exchange would completely extinguish their exposure. These instruments will be issued on March 15, 1988 in bearer form in denominations of $500,000 or more with a fixed interest rate of 4 percent and a maturity of 25 years with 12 years grace. (The restructured medium-term debt has an interest rate of 13/16 of 1 percent above LIBOR and a maturity of 19 years with 7 years grace.) APIs would be excluded from the base for purposes of calculating concerted lending contributions for 1987 or the future, and they would be exempted from restructuring--hence the term exit bonds. These instruments also gave banks with small exposure an alternative financing technique for participation in financing packages--hence the term alternative participation instruments. These banks' contribution to the 1987 and possible future concerted financing packages would stem from the lower stream of interest receipts on the APIs. Banks' views differ on the proper characterization of this instrument as an exit bond or an API. In the event, commercial banks' requests for the instruments were very limited, with only three banks taking up an amount of less than $5 million because most banks viewed the pricing of this "exit" option as unattractive.

Issuance and transfer of APIs in the case of Argentina will be subject to compliance under applicable securities laws, including the U.S. Securities Act of 1933. APIs issued to U.S. banks would be held by a depository for two years before they are delivered to the holder, while those issued to non-U.S. banks will be held by a depository outside the United States for six months before distribution. APIs were again incorporated in the November 1987 Ecuador package. The terms were made more favorable to the creditors than in the Argentine package; the maturity of the API was identical to that of restructured debt, and the interest rate was set at 5 1/2 percent.

Securitization has been viewed by some observers as a means to prioritize the servicing of claims. Market participants have pointed out that, in recent years, the marketable external debt of major debtors has typically been regularly serviced according to the original contractual terms, unlike medium-term bank claims. Moreover, bonds have been generally excluded from rescheduling agreements because the relatively small amounts did not seem to justify the time and costs associated with rescheduling; however, Euro-securities have been nevertheless scheduled on a few occasions.

A debt exchange was announced by the Mexican authorities and Morgan Guaranty Trust in late December 1987, under which certain existing medium-term bank debt will be voluntarily exchanged for newly issued 20-year Mexican bonds. (A maturity of 20 years was chosen to match the maturity of Mexico's rescheduled bank debt.) The Mexican bond will be collateralized by a 20-year zero-coupon U.S. Treasury bond. Eligible bank debt includes claims under the 1985 debt restructuring agreement and the 1983 and 1984 credit agreements, but excludes the 1986-87 new money package, short-term credits, and private sector debt. The total volume of eligible debt was estimated at about $53 billion.

Before the exchange could take place, a waiver had to be obtained of the sharing procedures related to prepayment of loans, pari passu clauses related to the priority rank for payments, and negative pledge clauses under existing agreements. In Mexico, the restructuring documents permit such waivers based on a simple majority (over 50 percent) of the eligible bank exposure to Mexico which was obtained in February. Only 50 banks, compared to about 500 banks that originally signed these documents, were needed to amend some 92 agreements. Negative pledge clauses contained in agreements with the IBRD and IADB also needed to be waived, and these institutions have done so. To avoid negative pledge problems with other holders of existing Mexican bonds, those international bonds would also have their creditworthiness similarly enhanced; it is estimated that this enhancement will involve putting up collateral of some $100 million. The new bonds carry a "pari-passu" clause that requires they be treated on similar terms as all other external debt, defined to include obligations to international organizations including the Fund.

The debt exchange scheme is operated as follows. The Government of Mexico will purchase with its international reserves a nonmarketable zero-coupon U.S. Treasury bond maturing in 20 years. The zero-coupon collateral will be held in the Federal Reserve Bank of New York in the form of a book entry. The actual face value of the zero-coupon U.S. Treasury bond was determined once the volume and price of bank claims to be exchanged became known, while the amount of Mexican international reserves required to purchase this zero-coupon bond will depend on prevailing market interest rates, as the quantity of bank-debt accepted in exchange for bonds is now known. The bonds are to be issued in late March 1988.

Mexico offered a 20-year marketable international bond to its creditors at a spread over LIBOR of 1 5/8 percent or double the spread (13/16 percent) on rescheduled Mexican bank debt. Bonds will be issued in denominations of at least $250,000 and in multiples of $1,000 above the minimum. The newly issued bonds will be amortized in a single payment, i.e., a bullet, but will have call provisions, which will permit earlier amortization at the discretion of the Mexican authorities. Bonds issued to non-U.S. banks will be traded in the Euromarket and will be listed on the Luxembourg Stock Exchange. Transactions in those bonds will be cleared through Eurobond market systems (i.e., Euro-clear and CEDEL) and will be fully marketable on issuance, subject to normal Euromarket procedures. The bonds issued to U.S. banks will be on a private placement basis within the United States and may be traded in the private placement market in the United States, but they will not be registered under the U.S. Securities Act and thus cannot be publicly offered or traded in the United States.

Banks tendered exchange offers voluntarily. (Mexican debt currently trades at a discount of about 50 percent in the secondary market.) Exchange bids were received until February 26, 1988. A bid ratio was determined by the principal amount of eligible debt which such holder was willing to exchange for the principal amount of the bond. For example, a holder tendering $1,500 million of eligible debt for $1,000 million of bonds would have a bid ratio of 1.5. To maximize the amount of eligible debt retired, accepted bids were ranked in descending order of bid ratios, and the accepted bid was at the bank's bid ratio. The Mexican Government determined the amount and price at which such offers were accepted. Thus, banks that did not offer a sufficiently attractive exchange price had their offer rejected.

Market participants attempted, prior to the exchange deadline, to evaluate the implied value of the new Mexican bonds as a step towards determining their exchange bids. Applying the same discount on bank claims to the higher coupon payments on the new bonds and adding in the present value of the collateral, published market analysis inferred that these new bonds would trade at prices ranging from about 63 percent to 77 percent of their face value. According to this analysis, Mexico's ability to remain current on its interest payments would not be materially affected by the exchange; the maximum net interest savings has been estimated at about $700 million compared to almost $8 billion of total interest payments in 1987. Based on cash flow considerations, a break-even exchange ratio of 1.28 was derived by financial analysts. Thus this analysis suggested that from Mexico's point of view only exchange ratio involving greater discounts would be accepted. The above analysis indicated that likely exchange ratios would fall in a relatively narrow range of between 1.59 or 1.28.

These calculations did not explicitly attempt to value certain characteristics of the new bonds such as the exemption from future restructuring and new money contributions, the implicit seniority of these bonds, greater liquidity, nor the accounting, regulatory, or tax implications for the banks. While not placing a precise market valuation on the implicit seniority of the new bond, several considerations have been presented by various investment banks that have analyzed the offer. The implicit seniority has been based on the favorable treatment--continued current servicing of interest and principal--of approximately $2 billion in outstanding Mexican Eurobonds. Reflecting this experience, recent yields on these bonds have been about 17 1/2 percent compared to about 25 percent for discounted bank claims. This performance has been traced to three features: their bearer form, their extensive holdings by nonbanks, and their relatively small share in Mexico's total debt. The proposed new Mexican bond, however, will be issued in registered form to banks. Moreover, if the exchange had been fully subscribed, then the new bonds would have represented over one-fifth of all public sector debt; it may not have been possible for the debtor country or creditors to ignore such a large portion of total debt in future financing.

The Mexican auction was completed on February 26, 1988 with 139 banks making bids covering $6.7 billion in old debt. Mexico accepted bids from 95 banks for $3.7 billion in claims. These claims will be exchanged for $2.6 billion in new bonds--an average exchange ratio of 1.43 or a price of about 70 cents per dollar. Consequently, Mexico's debt would be reduced immediately by $1.1 billion. Mexico accepted bank tenders up to a price of 75 cents on the dollar. According to reports, the lowest bid was 48 cents and the highest bid was 89 cents. About three quarters of the bids were concentrated in the range of 60 cents to 75 cents on the dollar. Within this band, most exchange offers were between 65 cents and 71 cents on the dollar. Thus, the bid prices were in line with the market's financial analysis. Among successful tenders, Japanese banks offered the largest amount followed by U.S. and Canadian banks. Only two or three U.S. money centers reportedly participated out of about 30 U.S. banks that tendered bids.

Some observers have described the Mexican debt exchange as an enhanced exit bond for banks with small exposures. Indeed, if the exchange offer had been fully and exclusively subscribed by such banks, then about 400 banks--out of an original base of approximately 500 banks--would have had their eligible exposure to Mexico totally converted to bonds. Financial analysts considered that because the new bond was largely Mexican risk, the secondary market price for the new bond was uncertain, and the demand might be thin, cash sales of loans in the secondary market would remain an alternative.

IV. Accounting, Regulatory and Tax Issues

Accounting, regulatory and tax rules relating to developing country debt can have a significant impact on banks' attitudes toward financial packages in general and toward market-based menu options in particular. There have been several major developments in this area during 1987, including increased provisioning by banks, greater tax deductibility, and write offs by a few banks in late 1987 on a part of their developing country portfolios. Accounting and regulatory treatment of debt swaps, debt conversions, and debt exchanges were also clarified in some countries during 1986-87. In addition to developments related specifically to developing country debt, there has also been a move among industrial countries toward harmonizing the definition of bank capital and toward increasing the minimum capital requirements; these changes may have implications for bank lending and prudential treatment of loans to developing countries.

1. Accounting practices

Accounting practices in debt swaps, debt sales, and debt exchanges are an important consideration for banks, particularly where strict public disclosure rules are applied, as in the United States. Accounting practices in the United States for debt swaps were spelt out by the American Institute of Certified Accountants (AICPA) in a notice issued in May 1985. That notice stated that "in an exchange involving loans to debtors in such (financially troubled) countries, the estimated current fair value of the consideration given and received will be less than the respective face values of the loans and other considerations. Assuming that this general presumption is not overcome, the swap may result in a loss". The valuation of noncash swaps is "highly judgmental" and two banks could reach different conclusions concerning the valuation of the same swap. Thus debt swaps offer leeway in accounting treatment in the United States that cash sales do not.

The risk of "contaminating" the valuation of remaining loans to the debtor in a portfolio is an accounting issue of greater concern to banks with large exposure than for banks with small exposures. The AICPA notice stated that "in the course of preparing financial statements, a bank must review the loan portfolio in order to assess the adequacy of the allowance for loan losses". Some U.S. banks are concerned that a transaction involving only a portion of their claims on a debtor country might affect the valuation of all the remaining loans to that country in the bank's portfolio. In the case of private sector debt without debtor government guarantees, each different obligor from a country is treated separately from other such private sector obligors. However, for public sector debt or private sector debt with debtor government guarantee, it may be more difficult to justify separate accounting treatment; hence for banks with large exposures the risk of portfolio contamination is considered to be more of an issue with public sector debt than it is with private sector debt.

Certain aspects of accounting and regulatory practices were clarified for U.S. banks for purposes of the Mexican debt exchange. In a joint letter from the U.S. Federal bank supervisors to Mexico's legal counsel, they noted that "as a supervisory matter the difference between the carrying value of any loans exchanged for Bonds pursuant to the Exchange Offer and the fair value of the Bonds would have to be charged against the allowance for loan losses. As to loans tendered but not exchanged for the Bonds ("Tendered Loans"), each banking organization participating in the Exchange Offer should either (i) write its Tendered Loans down to an amount not to exceed the price at which those loans are offered to the Mexican government in exchange for Bonds ("Tender Price"), or (ii) increase, as necessary, the allowance for loan losses to an amount sufficient to result in a net carrying value for the Tendered Loans that equals the Tender Price and ensures the adequacy of the loan loss reserve.

With respect to reporting on the loans that constitute external debt to Mexico but are not tendered for Bonds under the Exchange Offer ("Remaining Loans"), no changes in current practice would result solely from a bank's bidding for the Bonds." Thus for supervisory purposes no portfolio contagion would occur to eligible debt that was not tendered. A similar opinion was issued by the U.S. Securities Exchange Commission.

The Japanese Ministry of Finance also clarified the accounting and tax treatment applicable to Japanese banks in the case of this exchange. These banks may exchange their loans at a discount without having to mark-to-market--revalue at the same discount--the remaining Mexican loans in their portfolios. Japanese banks would also be permitted to deduct from their income, losses associated with the exchange.

In the United Kingdom, for supervisory purposes, the new Mexican bonds would not be subject to provisioning. The accounting and regulatory stance of bank supervisors in other industrial countries has apparently not been made public.

2. Provisioning and write-offs

A considerable diversity of supervisory and tax treatments across creditor countries has affected the level of provisioning against developing countries (Table 5). Two important influences on provisioning levels have been whether such provisions are included in banks' capital and thus may support additional lending, and whether they are tax deductible.

In most countries, general loan-loss reserves that have been constituted to meet identified latent risks, such as bank provisions against sovereign loans (earmarked general reserves), are not included in banks' capital bases. The major exceptions to this principle are France and the United States; in Japan, general loan-loss reserves are also included, but are small relative to undisclosed reserves. In other countries, such provisions are not considered a freely available resource, since they are "earmarked" against a particular type of asset, and they are thus not included in banks' capital. The G-10 central bank Governors have studied this issue in the context of the transitional move toward convergence of capital adequacy standards for all banks undertaking significant cross border business (described below). It was agreed that, in the event that a full understanding is not reached by end-1992, the amount of earmarked general reserves that may be counted as (secondary) capital will be limited to 1.25 percentage points of risk assets (exceptionally and temporarily up to 2.0 percentage points).

Tax deductibility of loan-loss provisions against claims on developing countries became more widespread during 1987, as tax arrangements in two countries with more limited deductibility--the United Kingdom and Japan--were modified, while some banks in the United States moved to take greater advantage of existing deductibility through higher write-offs. In the United Kingdom, the establishment of more transparent criteria for provisioning against loans to problem debtors (described below) appears to have facilitated the agreement with the tax authorities on the degree of tax deduction. In Japan, while explicit tax concessions were not granted, banks were allowed to sell loans at a discount to an offshore company set up jointly by major banks and to claim tax deductions on the discount. Initially, new money loans to Mexico with a face value of $820 million were transferred in March 1987 at a 42 percent discount; a further $142 million in new money loans to Argentina was sold in September 1987 at a 60 percent discount. Moreover, as noted earlier, it has recently been determined that banks will be able to deduct from their tax liabilities losses incurred as a result of participating in the Mexican debt exchange.

In addition to these developments, supervisors in a number of countries (e.g., Switzerland and Canada) raised provisioning standards in 1987 (see below); and competitive pressures in the United States and the United Kingdom encouraged a general move among banks which had not provisioned heavily earlier to increase provisions beyond the levels required by their national supervisors. U.S. banks' provisions against

Table 5. Selected Industrial Countries: Commercial Bank Provisioning Against Claims on Developing Countries

(At end-1987)

	Level of Provisioning 1/	Mandatory Provisioning	Tax Deductability of Provisioning	Gearability 2/
Canada	30-40	Yes; 30 percent to 40 percent against a basket of 34 countries.	Yes	No
France	30-40	No 3/	Yes; but for provisioning in excess of average provisions on a case-by-case basis.	Yes
Germany	30-70	No 4/	Yes; but case-by-case.	No
Japan	5	Yes; 1 percent to 5 percent for 36 countries.	Yes; but limited to 1 percent of rescheduled debt and increased exposure.	Partly 5/
Switzerland	30-50	Yes; 30 percent against a group of countries.	Yes; but for provisioning in excess of mandatory provision on a case-by-case basis.	No
United Kingdom	25-35	Bank of England guideline: 5 percent to 100 percent depending on country.	Yes; 80 percent of the provisioning value derived from Bank of England matrix.	No
United States	25-30 6/	No 7/	No 7/	Yes

Sources: National authorities; and press reports.

1/ In percent of relevant exposure; numbers indicate range for major banks. Comparisons across countries are difficult because of the different tax and regulatory status of provisions and because of differences in the exposure base.
2/ Indicates whether provisions are included in the capital base used for monitoring capital/asset ratios.
3/ Provisioning is suggested against a number of countries with payments difficulties.
4/ Adequacy judged against industry average.
5/ Only the nontax-deductible portion is included.
6/ Some regional U.S. banks have substantially higher provisions.
7/ Except when loans are determined to be "value-impaired." Currently seven countries fall under this category.

sovereign debt averaged only about 2 percent at end-1986. During the second quarter of 1987, all major U.S. banks increased significantly their loan-loss reserves against sovereign debt of developing countries that had rescheduled. Money center banks covered an average of about 25 percent of exposure to countries with payments difficulties, while some regional banks covered up to 35 percent (Table 6).

In December 1987, the Bank of Boston, a large regional bank with relatively small sovereign exposure, announced that it would charge off against 1987 income $200 million, or 20 percent, of its nontrade-related claims to developing countries that had restructured; this amount was to be deducted from 1987 earnings, while capital and existing loan-loss reserves would be increased further. This action was in addition to the earlier provisioning of some 36 percent of its exposure against developing countries that had rescheduled, bringing the total level of loan loss reserves and charge-offs against such sovereign debt to 63 percent of medium-term exposure. The Bank of Boston also placed all its medium-term exposure to developing countries that had rescheduled on a non-accrual basis, irrespective of whether interest payments were current. Following this action by the Bank of Boston, a number of major regional banks announced further substantial increases in provisioning in late 1987 and early 1988.

It is not known at this stage whether the tax authorities will allow the Bank of Boston to deduct the proposed charge-offs against earnings. While some smaller U.S. regional banks have charged-off some claims on debtors in developing countries (e.g., claims sold in the secondary market) and have received tax deductibility, the Bank of Boston was the first major regional bank to charge-off claims on a large scale without direct evidence of a loss. The Bank of Boston move involves a reduction in equity capital of some 10 percent; the write-off by the more heavily exposed banks of a similar proportion of their claims on developing countries would have a much larger impact on capital and could seriously hamper the ability of their balance sheets to grow.

The major clearing banks in the United Kingdom followed U.S. banks in raising their provisioning from around 10 percent to between 29 percent and 33 percent. Total provisions by U.K. clearing banks amounted to £3.4 billion at end-1987 or an average of 31 percent of exposure to developing countries that have restructured. The decline in the U.S. dollar vis-à-vis the pound sterling contributed to this coverage by reducing the size of these banks' exposure in sterling terms by roughly 20 percent, according to press reports. In August, the Bank of England announced a proposal establishing a framework against which U.K. banks' actual provisioning would be judged for supervisory purposes. The framework involves a system according to which banks would calculate scores for each debtor country based on the debt-servicing performance as well as their economic situation; certain bands of scores then suggest the appropriate ranges for provisioning. The scheme would indicate 15 percent to 40 percent provisioning for most

Table 6. U.S. Banks: Provisioning Against Claims on Developing Countries, 1987

	LDC Exposure at end-1987 1/	Loan Loss Reserves at end-1987 as Percent of Exposure		Provisions during 1987 in Percent of 1986 Profits
		Range	Average	
	(In billions of U.S. dollars)			
Nine money center banks 2/	2.0-12.0	20-40	29	314 3/
Regional banks with large exposures 4/	1.3-1.8	18-54	38	251 5/
Other selected regional banks 6/	0.04-0.8	21-100	54	68 7/

Sources: American Banker, Salomon Brothers, and staff estimates.

1/ As reported by individual banks; exposure generally covering rescheduled countries and restricted to nontrade exposure where such data are available.
2/ Citicorp. BankAmerica. Chase Manhattan, Manufacturers Hanover, Chemical, J.P. Morgan, Bankers Trust, First Chicago, Continental Illinois.
3/ Excludes BankAmerica and Continental Illinois.
4/ Security Pacific, Wells Fargo, Irving, Mellon, First Republic and First Interstate.
5/ Excludes First Republic.
6/ 22 regional banks.
7/ Based on 19 banks.

countries with debt servicing difficulties; it is expected that 80 percent of these provisions would be tax deductible.

Provisioning levels in Japan remain relatively low among major industrial countries. There were efforts in 1987 to raise the current maximum 5 percent provisioning against claims on countries that have rescheduled, but this did not materialize during the year, as banks put priority on gaining larger tax deductibility on provisioning (which is currently limited to 1 percent of the sum of rescheduled amounts and increase in exposure from a base date).

After the additional provisions by U.S. and U.K. banks, bank supervisors in Canada decided, in August 1987, that banks' mandatory provisions against a basket of 34 countries experiencing debt-servicing problems had to be increased to a range of 30 percent to 40 percent. This range may be raised somewhat further in early 1988, and it is expected that tax deductibility would be granted substantially covering relevant provisions. In early 1988, the Canadian Superintendent of Financial Institutions issued new interim instructions for loan-loss provisions that permit Canadian banks for fiscal year 1988 to record provisions based on actual experience rather than based on a five-year averaging process, except for the special developing country loan-loss reserves constituted in 1987. Swiss banks must increase their provisions against claims on certain developing countries to 35 percent by end-1988 from 30 percent, which was the mandatory provisioning target that had to be reached by end-1987. However, most major Swiss banks already exceeded the mandatory provisioning level at end-1987.

3. Capital adequacy

Banks in industrial countries have strengthened their balance sheets by increasing their capital relative to total assets. Following the improvements in capital asset ratios since 1982, banks in industrial countries further increased their capital asset ratios in 1987. Banks in Japan, whose capital/asset ratio had deteriorated during 1982-86, also followed the trend in other industrial countries and increased their capital base in late 1987 through sizable equity issues.

There was a further improvement in banks' capital relative to their developing country exposure in 1987. For U.S. banks, the ratio of capital to claims on developing countries more than doubled to 112 percent between 1982 and September 1987; over three quarters of this improvement was due to the increase in banks' capital during those years, while one-quarter was the result of a decline in exposure. For non-U.S. banks, the depreciation of the dollar (which reduced their exposure in local currency terms) contributed to the increase of capital in local currency relative to claims on developing countries.

Supervisory authorities of industrial nations had been working for some time to establish a common approach and minimum standards to measure banks' capital adequacy in order to ensure equitable competition and to help strengthen the international banking system. In December 1987, the Basle Committee on Banking Regulation and Supervisory Practices ("Cooke Committee") issued a proposal, generally supported by the committee member countries, that sets a common capital standard for international comparison. The proposal contains specific definitions of capital, as well as the risk weights for on-balance sheet assets and credit conversion factors for off-balance sheet items. The committee has also announced an indicative figure for the minimum capital/asset ratio to be used as a basis for consultations between national authorities and their respective banking communities. 1/

The proposal discusses two different techniques for evaluating transfer risks and assigning risk weights to foreign loans. The first alternative distinguishes between domestic and foreign claims: all foreign lending, including loans to governments, would attract a full risk weight as would lending to the domestic private sector; claims on the domestic public sector would draw a lower, or zero, risk weight. An alternative approach would assign low risk weights to some defined grouping of countries with high credit standing, while similar claims on countries outside this preferential grouping would attract higher risk weights. (A higher risk weight would make it more expensive for banks to hold claims to such countries by requiring more capital cover.) Objective indicators of creditworthiness were considered by the Basle Committee but at this stage they were of the view that such an approach if followed could "present serious administrative complications...the best solution would be either for member countries as a whole to adopt the criterion of membership of some existing grouping of industrialized countries, or to allow discretion to individual national supervisory authorities."

In the event, the Basle Committee decided that, in present circumstances, the former approach was preferable and that the only distinction should be between lending to one's own country and to all other countries. Such an approach would be easier to apply and would not require a difficult process of country classification. It was considered that the possibly higher risks involved in lending to particular countries could better be captured through provisioning by banks when payments problems occur, or appeared particularly likely, than through different capital requirements. Such provisions then diminish the need for differentiation between countries in the risk weighting system.

1/ The Basle proposal divides capital into two tiers. The first tier (core capital) consists of ordinary paid-up share capital and disclosed reserves. The second tier may contain a wider range of items--including undisclosed reserves, a part of unrealized securities gains, general loan-loss reserves, and subordinated debt--but may not exceed the first tier amount. The indicative levels call for an 8 percent capital asset ratio by end-1992 (of which half is to be core capital) and an intermediate target of 7.25 percent by end-1990 (of which, half is to be core capital).

V. Association with Policy Reform

Since the outset of widespread debt servicing difficulties in 1982, the Fund has been instrumental in assembling financing packages for countries with debt servicing problems. When providing its own resources, the Fund has always sought firm assurances from other creditors, including commercial banks, that adequate financing would be available for the program to be implemented by a member country. Fund practices with respect to assurances on bank financing have depended on the kind of financing sought and on the special circumstances of each case and have been discussed in recent papers to the Executive Board ("Financing Assurances in Fund-Supported Programs," (EBS/87/266, 12/14/87), and "Capital Market Financing for Developing Countries - Recent Developments, 1987" (SM/87/207, 8/17/88)).

For their part, bank creditors have sought to ensure that concerted bank financing is associated with economic policies that would promote growth-oriented adjustment and a durable return to creditworthiness. For this reason, commercial banks have sought to link their commitment of concerted financing packages with Fund arrangements and their disbursements to phased implementation of policy reforms by the debtor country as evidenced by the ability to make purchases from the Fund. Recent developments in these associations with policy reform are reviewed in this section.

1. Financing assurances

The policies and practices in connection with financing assurances have been developed by the Fund with three objectives in mind: promoting adjustment in the debtor countries; safeguarding Fund resources; and catalyzing external financing. The recent review of Financing Assurances in Fund-Supported Programs described the somewhat diverse practices which have operated on a case-by-case basis. The Executive Board broadly endorsed the existing policies and practices on financing assurances, including the requirement of a critical mass in cases of concerted finance and an agreement in principle with the advisory committee for restructuring of principal. 1/ Deviation from present policies and practices would involve potential risks for the Fund, although circumstances could arise under which such action would be appropriate. In such highly exceptional cases, prior consultation with Executive Directors at an early stage would be important. But Executive Directors emphasized that these issues had to be seen in the broader context of the evolving debt strategy and that they wanted to return to this subject at a later stage.

1/ The Acting Chairman's Remarks at the Conclusion of the Discussion on Financing Assurances in Fund-Supported Programs (Executive Board Meeting 88/17, February 5, 1988).

Since the board paper on "Financing Assurances in Fund-Supported Programs" was issued, two arrangements have been reviewed by the Executive Board that involved bank financing beyond a rescheduling of principal falling due. In the case of Côte d'Ivoire, the Fund arrangement and request to purchase under the compensatory financing facility were approved in principle by the Executive Board on December 15, 1987, subject to a satisfactory assurances for financing the 1988 balance of payments, with a deadline of January 31, 1988. Subsequently, the deadline was extended by four weeks. The bank advisory committee met in mid-February and reached an understanding on a financing package that would include concerted financing, would close Côte d'Ivoire's 1988 ex ante financing gap, and would regularize arrears on interest and principal to banks accumulated during 1987. On the basis of this understanding, the Fund arrangement and the request for a purchase under the compensatory financing facility became effective on February 29, 1988.

In the case of Ecuador, the Executive Board approved a stand-by arrangement on January 4, 1988. At that time, an agreement in principle had been reached between the advisory committee and Ecuador on concerted financing which would cover outstanding interest arrears to banks, but a critical mass of commitments had not been obtained. By end-February, banks representing 94 percent of relevant claims had indicated their willingness to participate in the concerted financing package.

The concept of a "critical mass" has become more complex in the context of the menu approach. Debt conversions have reduced the exposure base in some cases so that it may be more difficult to reach a critical mass of commitments. In addition, financing options such as exit bonds provide an alternative to new money contributions and therefore need to be taken into account when the new money need is calculated.

2. Linkage by commercial banks

Banks have always linked their disbursements under new concerted lending packages to Fund arrangements to support the implementation of sound economic policies. In most cases, they have phased such disbursements in line with purchases under Fund arrangements; more recently, however, in cases where concerted financing was to refinance accumulated interest arrears, single disbursements of the concerted lending were agreed. Linkages to World Bank disbursements have become more common as banks sought assurances concerning the implementation of structural reforms and have tried to influence the scale of contributions from official creditors; thus, virtually all recent agreements between debtor countries and commercial banks have included clauses concerning minimum amounts of debt relief from Paris Club creditors or financing from bilateral official sources.

Such increased linkages have further increased the complexity of financial packages, particularly as official creditors may have different views on equitable burden sharing. In addition, such linkages have, in some cases, been unduly rigid and prevented the swift mobilization and disbursement of financial assistance and have, in other instances, raised questions of cross-conditionality between World Bank and Fund disbursements and the precommitment of Fund resources. 1/ By contrast, in some cases where countries do not need concerted financing but still require a rescheduling of maturities, banks have accepted "delinking" from the use of Fund resources but not from Fund involvement, by incorporating provisions in the restructuring agreement under which the member requests the initiation of enhanced surveillance procedures after the expiration of a Fund-supported program (see paper on Recent Developments in Multiyear Restructuring Agreements and Enhanced Surveillance, (forthcoming)).

The most recent restructuring agreements between commercial banks and Argentina, Chile, Mexico, Nigeria, the Philippines, Ecuador, Morocco, and Poland all have links to Fund programs or enhanced surveillance as well as links to the World Bank and official creditors. The first five of these cases were described in "Capital Market Financing for Developing Countries--Recent Experience, 1987" (SM/87/207, 8/17/87).

The new money loan for Mozambique will be disbursed completely on completion of the package. The only linkage to the Fund is the existence of a Fund arrangement. In the case of Ecuador, the new money package would be disbursed in its entirety conditioned on a Fund arrangement and the first drawing under that arrangement; in both cases, the absence of phased disbursements was due to the fact that disbursement was intended to regularize existing interest arrears, rather than support continuing policy reform or refinance current interest payments. The Ecuador agreement also requires as a prerequisite for the new money drawing, that the $150 million parallel financing with the IBRD be in place, that a Paris Club agreed minute be signed recommending 100 percent rescheduling of all principal and interest due in 1987 and 1988, including those on previously rescheduled debt, and that a financing commitment totaling at least $600 million that can be used in 1988 be secured from official agencies and multilateral institutions (excluding the Fund).

The commercial bank agreement with Morocco that became effective in January 1988 required that Morocco be in compliance with the current Fund stand-by program for the agreement to become effective. Moreover, for refinancing of maturities falling due after April 1, 1988, Morocco is required to conclude an upper credit tranche arrangement with the Fund that succeeds the current stand-by arrangement, which expires on March 31, 1988, and the new Fund arrangement must cover the period until

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1/ These issues were examined in greater detail in "Implementation of the Debt Strategy - Current Issues" (EBS/87/38, 2/20/87), Section V.

the end of 1988. In addition, Morocco must be eligible to draw on World Bank facilities in effect in March 1988 to be eligible for refinancing of maturities falling due after April 1988.

The agreement in principle reached between Poland and its creditor banks in August 1987 covers rescheduling of maturities falling due 1987-93. The rescheduling of the amounts falling due in 1987-90 will be effected immediately when the final agreement is reached, but the rescheduling of amounts falling due in 1991-93 is conditional upon Poland having a Fund arrangement in 1991. Under the provisional agreement, a Fund arrangement involving upper-tranche conditionality must be in place at the beginning of 1991, and Poland must certify that this Fund arrangement will continue in place for at least six months after the restructuring dates for the amounts falling due during 1991-93. The condition, however, may be waived with the agreement of two-thirds of the participating banks.

In the case of the term loan for Colombia signed in January 1988, the covenants require Colombia to deliver to the banks the Fund's 1987 and 1988 Article IV consultation reports; the Fund's Board approved Colombia's request to transmit these reports in December 1987 and subsequently, banks received copies of the 1987 consultation report. The covenants also require Colombia to deliver progress reports of the World Bank on its sectoral adjustment loan. In the case of the Gabon refinancing agreement (December 1987), banks followed their usual practice of requiring a Fund arrangement to be in place at the time the agreement was signed. As the new loan to Gabon was on a nonconcerted basis, no linkage to Fund purchases were involved.

As part of the interim financing arrangement to regularize Brazil's arrears to bank creditors, banks understood that the Brazilian authorities would seek a Fund arrangement to support their economic program and that such an arrangement would be in place prior to the medium-term arrangement. Preliminary agreement has been reached with the bank advisory committee on the amount and terms of the new money financing, but as of mid-March, a number of significant elements and features of the commercial bank portion of the concerted financing plan remained to be addressed, including linkage and phasing. Meetings on these topics were scheduled to continue. The Brazilian authorities have reiterated their view "that close cooperation with its major external sources of funding (financial institutions, IMF, IBRD, IDB, and governmental agencies) is essential to achieve its growth objectives. Brazil believes, however, that it is not in the interest of a satisfactory economic adjustment process that disbursements by the international financial community be delayed by shortfalls in compliance with ongoing programs sponsored by multilateral institutions."

Recent Activities of Multilateral Development Banks

This appendix provides information on the lending operations of the multilateral development banks (MDBs), specifically, the World Bank (IBRD and IDA), Inter-American Development Bank (IDB), the African Development Bank (AfDB), and Asian Development Bank (AsDB) which together account for an important part of capital flows to developing countries. 1/ This section also describes their efforts to mobilize private resources through cofinancing and other means and is a further update of the paper "Multilateral Development Banks--Recent Activities" (SM/86/208, 8/20/86).

1. General lending activities

The multilateral development banks have continued to play a prominent role in the transfer of resources to developing countries, although their net loan disbursements fell to $9.6 billion in 1987 from $11.2 billion in 1986 (Appendix Table 13). By far the largest contribution was made by the World Bank which provides about three-quarters of total MDB financing. The World Bank has increased rapidly its policy-based lending in recent years: new commitments of this type rose substantially in 1985/86 and 1986/87, amounting to about 20 percent and 23 percent of total new commitments respectively (Appendix Table 14). This increase in policy based lending by the World Bank was particularly pronounced in the case of the 15 heavily indebted middle-income where the share of new commitments attributed to policy-based lending rose from 14 percent in 1984/85 to 36 percent in 1986/87. Although the regional development banks play a smaller role in absolute terms, they too are gradually increasing their emphasis on policy-based lending (Appendix Tables 15-17): the African Development Bank increased such lending sharply in 1987, the major part of which was to highly indebted countries. The Asian Development Bank continued to devote about 8-9 percent of its new commitments to policy-based lending. All the MDBs have developed instruments for promoting cofinancing, both in the context of project and policy-based operations.

Total new commitments by the MDBs rose by 7 percent in 1987. The continuation of an adequate net flow to developing countries will depend on the World Bank's capacity to expand its lending operations, which is dependent on an increase in its capital base. The Bank's Executive Board has agreed on a substantial general capital increase and a resolution has been submitted to the Board of Governors for an increase of $75 billion in the Bank's authorized capital. It is hoped that the increase will become effective by mid-1988. In 1987, the capital stock of the African Development Bank was also increased substantially.

1/ The focus on the four MDBs in no way implies lack of recognition of the importance of other multilateral banks such as the Islamic Development Bank and the European Investment Bank.

2. Lending to the 15 heavily indebted countries

MDBs have played an important role in the efforts to revive growth in the 15 highly indebted countries through project lending, policy-based lending in support of medium-term adjustment efforts, and through their catalytic role in mobilizing resources in support of the adjustment of these countries. However, lending to this group of countries decreased in 1987, both in absolute terms and as a proportion of their total new commitments. New commitments to these countries as a group fell by 4 percent and represented 36 percent of total lending by MDBs (compared to 40 percent in 1986). Of the total, the World Bank accounted for 72 percent, the IDB for 19 percent, the AfDB for 8 percent and the AsDB for less than 1 percent. Gross disbursements fell by about 9 percent in 1987, but net disbursements fell more sharply--by about one-third--because of a sharp rise in amortization, notably to the IBRD and the IDB.

By far the largest part of policy-based lending to the highly indebted countries is undertaken by the World Bank, which increased its adjustment lending to this group of countries by 13 percent to $2.4 billion in FY87. This reflects the Bank's emphasis on adjustment lending as a whole, and in particular on sectoral adjustment lending. Since July 1, 1987 about $1.4 billion in IBRD policy-based loans have been approved for the following highly indebted countries: Chile ($250 million), Colombia ($300 million), Ecuador ($100 million), Mexico ($500 million), and Morocco ($225 million). Similar loans for other countries in this group are at advanced stages of preparation and are likely to be approved before the end of FY88. The AfDB increased its nonproject loan commitments sharply in 1987, about 60 percent of which were attributable to Morocco and Nigeria.

3. Cofinancing, guarantees, and interest rate caps

MDBs, apart from their direct lending operations, have continued to play a catalytic role by mobilizing financing through various techniques of cofinancing with commercial and official sources. After falling sharply in 1986, commitments made under cofinancing arrangements rebounded in 1987, with both total lending and lending of MDBs from their own resources under such arrangements rising by about one-fifth. The share of commercial banks in total commitments made under cofinancing arrangements remained low at less than 10 percent. Most lending under cofinancing arrangements is undertaken between the IBRD and the regional development banks and, on average, the MDBs together provide more than one-half the total financing in such arrangements (Appendix Tables 18-21).

Under its cofinancing program, the World Bank has provided guarantees for commercial bank financing to Chile, Uruguay, and Mexico in recent years. The World Bank normally guarantees the later maturities of a loan extended by commercial banks and thus provides an incentive for lengthening the average maturity of a loan. Such guarantees do not tie the World Bank's capital immediately, but only from the time when a guarantee becomes callable; until then, guarantees are shown as contingent liabilities.

In general, the World Bank's guarantees have been for half of the principal maturities only; they have carried a fee paid by the commercial banks; there has been a limit on the degree to which they could be accelerated in the event of nonpayment of earlier maturities; and, in Uruguay and Mexico, they are on the later maturities only (in Chile there is a long grace period on the whole loan). The pricing of such guarantees has varied in line with the spread charged by commercial bank lenders. It has ranged from 3/8 percent a year on the most recent agreement for Mexico, to 1 1/8-1 1/4 percent a year for the Chile loan agreed in 1985 which, however, was repriced in the context of the 1987 commercial bank rescheduling agreements which reduced spreads on all outstanding Chilean debt.

Some debtor countries have expressed interest in measures, such as interest rate caps, that would limit their vulnerability to external shocks. The International Finance Corporation (IFC) has begun to offer such caps on its loans, acting as an intermediary between the market and IFC borrowers. However, the steep cost of such caps has restricted debtor countries' interest so far. 1/ One way to reduce the initial cost of buying a cap is for a borrower to enter a reciprocal agreement to pay interest no lower than a certain floor rate. However, the counterparty to such an agreement would thereby take on credit risk to the borrower; the possibility for problem debtors of following this route is limited by the reluctance of lenders to take on exposure to these debtors.

4. Lending to low-income developing countries

During the past three years, there have been a number of initiatives to increase the flow of resources to the low-income countries through multilateral development banks, as well as the Fund. In 1985 and 1986, the Special Facility for Africa was established in the World Bank, and agreement was reached on the eighth replenishment of IDA. With the continuation of severe external imbalances in the lowest income countries and in the absence of a significant increase in ODA, further initiatives were taken in 1987 for countries that were implementing adjustment programs. The World Bank initiated a special program of assistance for sub-Saharan Africa to assist low-income "debt-distressed" countries undertaking adjustment programs, through increased

1/ Market prices for interest rate caps fluctuate daily with the LIBOR; in mid-January 1988, for example, when LIBOR was 7 9/16 percent, a 3-year cap at 10 percent would have cost about 1.75 percent of the face value of a loan; a 4-year cap at 9 percent would have cost 3.95 percent; and a 5-year cap at 12 percent (the lowest rate offered for a five-year period) would have cost 2.15 percent.

cofinancing from bilateral sources and the reallocation of IDA resources in favor of those countries covered by the program. The Bank has also pressed official creditors to increase concessionality in their debt reschedulings with certain low-income countries. The final act of UNCTAD VII recognized that the implementation of major reforms in low-income countries needed to be accompanied by additional financing on concessional terms, as well as by appropriate restructuring arrangements. Also during 1987 a replenishment of $3.7 billion was agreed for the Asian Development Bank's concessional window, and a fifth replenishment was proposed for the African Development Fund, the concessional window of the African Development Bank. In addition, a number of bilateral donors have developed a variety of fast-disbursing instruments in support of policy reforms, some of which can provide cofinancing with the policy based-operations of the multilateral agencies.

Table 7. Concerted Lending: Commitments and Disbursements, 1983-87 1/

(In millions of U.S. dollars: classified by year of agreement in principle)

	1983		1984		1985		1986		1987	
	Commitments	Disbursements	Commitments	Disbursements	Commitments	Disbursements	Commitments	Disbursements	Commitments	Disbursements
Argentina										
Medium-term loan	1,500	500	3,700	--	--	2,500	--	1,200	1,550	1,050
Trade deposit facility	--	--	500	--	--	500	--	--	400	200
Brazil										
Medium-term loan	4,400	4,400	6,500	6,500	--	--	--	--	--	--
Chile										
Medium-term loan	1,300	1,300	780	780	785	520	--	265	--	--
Cofinancing arrangement with World Bank	--	--	--	--	300 2/	194	--	106	--	--
Colombia										
Medium-term loan	--	--	--	--	1,000	--	--	970	--	--
Congo										
Medium-term loan	--	--	--	--	--	--	60	--	--	--
Costa Rica										
Revolving trade facility	202 3/	152	--	50	75	75	--	--	--	--
Cote d'Ivoire										
Medium-term loan	--	--	104	--	--	104	--	--	--	--
Ecuador										
Medium-term loan	431	431	200	--	--	200	--	--	350	--
Mexico										
Medium-term loan	5,000	5,000	3,800	2,850	--	950	5,000	--	--	4,372 4/
Cofinancing arrangement with World Bank	--	--	--	--	--	--	1,000 2/	--	--	--
Contingent investment support facility	--	--	--	--	--	--	1,200	--	--	--
Growth contingency cofinancing with World Bank	--	--	--	--	--	--	500 2/	--	--	--
Mozambique										
Medium-term loan	--	--	--	--	--	--	--	--	113	--
Nigeria										
Medium-term loan	--	--	--	--	--	--	320	--	--	--

Table 7 (concluded). Concerted Lending: Commitments and Disbursements, 1983-87 1/

(In millions of U.S. dollars; classified by year of agreement in principle)

	1983		1984		1985		1986		1987	
	Commitments	Disbursements	Commitments	Disbursements	Commitments	Disbursements	Commitments	Disbursements	Commitments	Disbursements
Panama										
Medium-term loan	278	131	--	147	60	--	--	51	--	9
Peru										
Medium-term loan	450	250	--	100	--	--	--	--	--	--
Philippines										
Medium-term loan	--	--	925	--	--	400	--	525	--	--
Poland										
Short-term revolving trade credit facilities 5/	180	338	285	240	--	2	198	139	--	--
Uruguay										
Medium-term loan	240	240	--	--	--	--	--	--	--	--
Yugoslavia										
Medium-term loan	600	600	--	--	--	--	--	--	--	--
Total	14,581	13,342	16,794	10,667	2,220	5,445	8,278	3,256	2,413	5,631

Sources: Restructuring agreements; and Fund staff estimates.

1/ These data exclude bridging loans.
2/ These loans have an associated guarantee given by the World Bank in the later maturities equivalent to 50 percent of the nominal amount disbursed.
3/ Agreement in principle as of December 1982.
4/ A bridge loan of $500 million was disbursed in December 1986 and repaid when the first concerted lending disbursement of $3.5 billion was disbursed in April 1987.
5/ Utilization of these facilities varied over time, but the amounts of the facilities had to be reconstituted on a six-month basis.

Table 8. Concerted Short- and Medium-Term Facilities Outstanding at End of Period, 1983-87

(In millions of U.S. dollars)

	1983	1984	1985	1986	1987
Argentina					
Trade deposit facility	--	--	500	500	500
Stand-by money market facility	--	1,400	1,400	1,400	1,400
Trade credit maintenance facility	--	1,200 1/	1,200 1/	1,200 1/	1,200 1/
Brazil					
Interbank exposure	5,500	5,300	5,300	5,253	4,650 2/
Trade-related	10,175	9,800	9,800	9,582	9,100 2/
Interim financing	--	--	--	--	700
Chile					
Trade-related	1,700	1,700	1,700	1,700	1,700
Nontrade-related	1,160	(1,160) 3/	--	--	--
Costa Rica					
Revolving trade facilities	152	202	277	277	277
Ecuador					
Trade-related credits	700	700	700	700	266 4/
Nontrade credits	(580) 3/	--	--	--	--
Madagascar					
Short-term debt	--	(117) 3/	--	--	--
Mexico					
Interbank exposure 5/	5,200	5,200	5,200	5,200	5,200
Morocco					
Short-term debt	--	610	610	610	610
Trade credit maintenance facility	--	--	--	188 1/	188 1/
Mozambique					
Short-term debt	--	--	--	--	(86) 3/
Panama					
Money-market facility	133	133	133	133	133
Trade-related facilities	84	84	84	84	84
Peru					
Short-term working capital	1,200	965 6/	... 6/	... 6/	... 6/
Short-term trade-related credit lines	800	800 6/	... 6/	... 6/	... 6/
Philippines					
Short-term debt of					
Public sector	--	(1,183) 3/	--	--	--
Private financial sector	--	(1,594) 3/	--	--	--
Corporate sector	--	(448) 3/	--	--	--
Revolving trade facility	--	2,965	2,965	2,965	2,965
Poland					
Short-term revolving trade credit facilities	534	774	772	911	1,000 7/
Uruguay					
Nontrade-related credits	(359) 3/	--	--	--	--
Treasury notes outstanding	84	128	171	171	171
Yugoslavia					
Revolving trade facility	600	600	600	600	600
Nontrade-related facility	200	200	200	200	200
Total	28,222 8/	32,761 8/	31,612	31,674	30,944 8/

Sources: Restructuring agreements; and Fund staff estimates.

1/ Converted into medium-term facility.
2/ Brazilian authorities have requested the maintenance of this facility, which expired in March 1987.
3/ Converted into medium-term debt.
4/ Estimate. The facility has been maintained with banks on a month-to-month basis after the expiration of a previous agreement in March 1987.
5/ Data indicate limits rather than actual exposure.
6/ The 1984 agreement with the Steering Committee was not signed due inter alia, to Peru's nonpayment of interest since July 1984, and no agreement is currently in effect for these facilities.
7/ Provisional estimate.
8/ Total excludes amounts converted into medium-term debt, which are given in parentheses.

Table 9. Chronology of Bank Debt Restructurings and Bank Financial Packages, 1978-February 1988

Agreement classified by month of signature 1/

1978
Peru: June, December
Jamaica: September

1979
Jamaica: April
Turkey: June 2/, August

1980
Peru: January
Togo: March
Zaire: April
Bolivia: August, December (deferment)
Nicaragua. December

1981
Bolivia: April
Jamaica June 2/
Madagascar: July, November
Turkey: August
Nicaragua: December
Sudan: December

1982
Nicaragua: March
Sudan: March (modification of 1981 agreement)
Turkey: March
Poland: April, November 2/
Madagascar: October
Guyana: June (deferment)
Liberia: December
Romania: December

1983
Zaire: January (deferment)
Brazil: February 2/
Malawi: March
Sudan: April (modification of 1981 agreement)
Bolivia May, October (deferment)
Romania: June
Chile: July 2/
Guyana: July (deferment)
Nigeria: July, September
Peru: July 2/
Uruguay. July 2/
Mexico: August 2/
Panama: September 2/
Costa Rica: September 2/
Yugoslavia: September 2/
Ecuador: October 2/
Togo: October
Poland: November 2/
Argentina: December (new financing only)
Dominican Republic: December

1984
Brazil: January 2/
Chile: January, June, and November
Sierra Leone: January
Guyana. January, July (deferment)
Nicaragua: February (deferment)
Peru: February 3/
Senegal: February
Niger: March

1984 (Continued)
Mexico: April (new financing only)
Sudan: April (modification of 1981 agreement)
Yugoslavia: May
Jamaica: June
Zaire: June (deferment)
Poland: July 2/
Madagascar: October
Zambia: December 3/

1985
Cote d'Ivoire: March 2/
Mexico: March, August
Costa Rica: May 2/
Senegal: May
Philippines: May 2/
Zaire: May (deferment)
Guyana: July (deferment)
Argentina: August 2/
Jamaica: September
Panama: October 2/
Sudan: October (modification of 1981 agreement)
Chile: November 2/
Colombia: December 5/
Ecuador: December 2/
Yugoslavia: December

1986
Dominican Republic: February
Morocco: February
Venezuela: February
South Africa: March (standstill)
Niger: April
Zaire: May (deferment)
Uruguay: July
Brazil: July
Poland: September 2/
Romania: September
Congo: October 2/ 3/
Cote d'Ivoire: December

1987
South Africa: March
Mexico: March (public sector debt) 2/, August (private sector debt)
Jamaica: May
Zaire May (deferment)
Mozambique: May 3/
Chile: June
Honduras: June 3/
Poland: August 3/
Argentina: August 2/
Romania: September 6/
Ecuador: November 2/ 3/
Nigeria: November 2/
Uruguay: November 3/
Venezuela: November
Gabon: December 4/
Philippines: December

1988
Morocco: January
Colombia January 5/
Brazil: February 2/ 3/

Under negotiation

Bolivia
Costa Rica
Cote d'Ivoire
Togo
Yugoslavia

Note: "Restructuring" covers rescheduling and also certain refinancings of member countries.

Sources: Restructuring agreements; and Fund staff estimates.

1/ Agreement either signed or reached in principle (if signature has not yet taken place).
2/ The restructuring agreement includes new financing.
3/ Agreed in principle or tentative agreement with banks' Steering Committees.
4/ A separate club deal for new financing was arranged at the same time.
5/ New financing only, semi-spontaneous.
6/ Modification of 1986 agreement.

Table 10. Terms and Conditions of Bank Debt Restructurings and Bank Financial Packages, 1986-87 1/

Country, Date of Agreement, and Type of Debt Rescheduled	Basis	Amount Provided	Grace Period	Maturity	Interest Rate
		(US$ millions)	(In years, unless otherwise noted)		(In percent spread over LIBOR-US prime)
Argentina					
Agreement in principle of April 24, 1987; final agreement August 1987:					
Rescheduling of public and private sector indebtedness 2/	100 percent of principal	25,300	7	19	13/16
Rescheduling of 1983 and 1985 term credit agreements	100 percent of principal	4,200	5	12	13/16
New medium-term loan	New financing	1,550	5	12	7/8
New trade credit and deposit facility	New financing	400	--	4	7/8
Amendment to trade credit and deposit facility of 1985	Maturity lengthened to coincide with 1987 trade credit deposit facility	500	--	4	13/16
Trade credit maintenance facility	Banks will continue to maintain trade credit at levels of September 30, 1984 (estimate)	1,200	--	2	13/16
Stand-by money market facility	Banks will continue to make available to the Central Bank on request any amounts outstanding to foreign branches and agencies of Argentine banks on September 30, 1984	1,400	--	2	3/4
Brazil					
Agreement of July 25, 1986					
Rescheduling of medium- and long-term due in 1985	100 percent of principal	6,671	5	7	1 1/8
Deferment of medium- and long-term due in 1986	100 percent of principal	9,600	...	to March 1987	Original rates
Maintenance of trade and interbank lines	100 percent rollover	14,750	...	to March 1987	Original rates
Chile					
Agreement of June 17, 1987 3/					
Amendment to 1983-87 restructuring agreements	100 percent of principal falling due in 1988-90	2,951	3	15 1/2	1
Amendments to 1983-84 new money agreements	100 percent of principal falling due in 1988-90	1,416	5	5	1 1/8
1988-91 unrescheduled original maturities	100 percent of principal	1,535	5	15 1/2	1
Extension of short-term trade related facility until end-1989	100 percent rollover	1,700	--	2	1 3/8 - 1 1/8
Congo					
Agreement in principle of October 15, 1986:					
Rescheduling of public sector debt falling due in 1986-88	100 percent of principal		217	3	91 7/8 - 1 1/2
New medium-term loan	New financing	60	2 1/2	8	1 7/8 - 1 1/2
Cote d'Ivoire					
Agreement with Steering Committee of May 21, 1986, Agreement of December 1986					
Public and publicly guaranteed medium- and long-term debt:					
Due in 1986	80 percent of principal	200	3	9	1 5/8 - 1 3/8
Due in 1987	70 percent of principal	196	3	9	1 5/8 - 1 3/8
Due in 1988	60 percent of principal	170	3	9	1 5/8 - 1 3/8
Due in 1989	50 percent of principal	125	3	9	1 5/8 - 1 3/8
Dominican Republic					
Agreement of February 24, 1986					
Rescheduling of public and private debt					
In arrears as of December 31, 1984	100 percent of principal	80	3	13	1 3/8
Due in 1985-89	100 percent of principal	707	3	13	1 3/8

Table 10. (continued). Terms and Conditions of Bank Debt Restructurings and Bank Financial Packages, 1986-87 1/

Country, Date of Agreement, and Type of Debt Rescheduled	Basis	Amount Provided	Grace Period	Maturity	Interest Rate
		(US$ millions)	(In years, unless otherwise noted)		(In percent spread over LIBOR-US prime)
Ecuador					
Agreement with Steering Committee of November 25, 1987					
Rescheduling of 1983 and 1985 new money agreements	100 percent of principal	631	3	10	1
Rescheduling of maturities under 1985 MYRA and other rescheduling agreements	100 percent of principal	4,052	7	19	15/16
New medium-term loan		350	2	8	1
Gabon					
Agreement in principle of June 4, 1987; final agreement of December 1987					
Rescheduling of principal due September 21, 1986-December 31, 1988	100 percent of principal	39	4	9	1 3/8
Guinea					
Agreement in prinicple of November 1987:					
Restructuring of short- and medium-term debt outstanding	70 percent of principal	25	1/2	3	1 3/4
Honduras					
Agreement in principle of June 26, 1987:					
Restructuring of principal and interest in arrears as of March 1987	100 percent of principal	219	6	8	1 1/8 4/
Restructuring of principal falling due in 1987-89	100 percent of principal	29	6	8	1 1/8 4/
Jamaica					
Agreement of May 7, 1987					
Rescheduling of maturities falling due April 1985 to end-1986	100 percent of principal	185	1 1/2	8 1/2	1 1/4
Rescheduling of maturities falling due January 1987 to March 31, 1990	100 percent of principal	180	9	12 1/2	1 1/4
Mexico					
Agreement with Steering Committee of September 30, 1986, final agreement of April 1987					
Restructuring of previously restructured debt	100 percent of principal	43,700	7	20	13/16
Change in spread for 1983 and 1984 new money facilities 5/	--	8,600	5	10	13/16
1986-87 new money facility	New money	5,000	5	12	13/16
Cofinancing arrangement with World Bank 6/	New money	1,000	9	15	13/16
Growth contingency cofinancing with World Bank 6/	New money	500	7	12	13/16
Contingent investment support facility	New money	1,200	4	8	13/16
Agreement of August 14, 1987					
Private sector debt under Forward Coverage Scheme (FICORCA)	100 percent of principal	... 7/	7	20	13/16

Table 10. (continued). Terms and Conditions of Bank Debt Restructurings and Bank Financial Packages, 1986-87 1/

Country, Date of Agreement, and Type of Debt Rescheduled	Basis	Amount Provided	Grace Period	Maturity	Interest Rate
		(US$ millions)	(In years, unless otherwise noted)		(In percent spread over LIBOR-US prime)
Morocco					
Agreement of February 1986					
Medium- and long-term debt due from September 9, 1983 to December 31, 1983	100 percent of principal)))	3	7	1 3/4	
Medium- and long-term debt due in 1984	90 percent of principal)	538	3	7	1 3/4
Rollover of short-term debt	Trade related credit outstanding as of August 24, 1987	610	--	--	--
Agreement in principle of December 15, 1986 (signed on September 23, 1987, made effective on January 4, 1988):					
Rescheduling of medium- and long-term debt not previously rescheduled falling due from 1985-88	100 percent of principal	1,546	4	11	1 3/16
Rescheduling of principal payments due in 1987-88 under previous rescheduling agreement	100 percent of principal	178	4	4	1 3/4
Conversion of short-term trade credits (except letters of credit) into medium-term debt	Trade-related credit outstanding as of August 24, 1983	450	--	6	1 3/16
Consolidation of trade arrears due to banks into a trade credit maintenance facility	Arrears as of September 30, 1986	188	--	5 1/2	Original rates
Mozambique					
Agreement in principle of May 27, 1987					
Refinancing of trade-related and other short-term public sector debt	100 percent of principal outstanding on May 27, 1987	86	5	8	1 1/8
Restructuring of medium-term public sector debt	100 percent of principal outstanding on May 27, 1987	54	8	15	1 1/8 8/
Restructuring of all non-principal overdue amounts of the two above agreements	100 percent of arrears as of June 30, 1987	113	8	12	1 1/8 8/
Niger					
Agreement of April 1986:					2 percent
Serial rescheduling of medium-term debt:					
Due October 1, 1985-December 31, 1986	90 percent of principal, excluding) previously rescheduled debt)	23	4 1/2	8 1/2	)Originally)contracted
Due 1987	)	17	4	8 1/2	)rate plus
Due 1988	)	12	4	8 1/2	)2 percent
Nigeria					
Agreement in principle of November 1986; final agreement of November 23, 1987:					
Rescheduling of medium- and long-term debt falling due from April 1, 1986 to December 31, 1987	100 percent of principal	1,725	3	9	1 1/4
Arrears as of September 26, 1986	Letters of credit confirmed before September 26, 1986 and associated new interest	2,525	1	4	1 1/4
New medium-term loan 9/	New financing	320	3 9/	7 9/	1 5/16 9/

Table 10. (continued). Terms and Conditions of Bank Debt Restructurings and Bank Financial Packages, 1986-87 1/

Country, Date of Agreement, and Type of Debt Rescheduled	Basis	Amount Provided	Grace Period	Maturity	Interest Rate
		(US$ millions)	(In years, unless otherwise noted)		(In percent spread over LIBOR-US prime)
Philippines					
Agreement in principle of March 27, 1987; final agreement of December 1987:					
Rescheduling of public and publicly guaranteed debt:					
Due January 1, 1987-December 31, 1992	100 percent of principal	2,762	7 1/2	17	7/8
Due January 1, 1989-December 31, 1994 under 1985 restructuring agreement	100 percent of principal	3,963	7 1/2	17	7/8
Rescheduling of private financial sector debt:					
Due January 1, 1987-December 31, 1992	100 percent of principal	13	6	10	1 3/8
Due January 1, 1989-December 31, 1992 under 1985 restructuring agreement	100 percent of principal	1,172	6	10	1 3/8
Rescheduling of private corporate debt:					
Due January 1, 1987-December 31, 1992	100 percent of principal	653	6	10	1 3/8
Due January 1, 1990-December 31, 1992 under 1985 restructuring agreement	100 percent of principal	447	7 1/2	17	7/8
Extension of short-term trade-related facility until June 30, 1991	100 percent rollover	2,965	4 1/2	5	3/4
Change in spread for 1985 new medium-term loan	--	925	unchanged	unchanged	7/8
Poland					
Agreement of September 1986:					
Restructuring of medium- and long-term debt included in April and November 1982 agreements					
Due in 1986	95 percent of principal	915	4	4	1 3/8
Due in 1987	80 percent of principal	1,055	4	4	1 3/8
Agreement in principle of August 1987:					
Rescheduling of maturities falling due in 1987-90, including previously restructured debt	100 percent of principal	5,219	1	15	15/16
Rescheduling of maturities falling due in 1991-93, including previously restructured debt	100 percent of principal	3,082	6	15	15/16
Modification of the 1986 restructuring agreement covering payments falling due in 1987	50 percent of principal	140	--	2	15/16
Romania					
Agreement of September 1986:					
Maturities on loans already rescheduled in 1982-83 falling due in					
1986	100 percent of principal	350	3	4 1/2	1 3/8
1987	85 percent of principal	450	4	5 1/2	1 3/8
Agreement in principle of September 1987					
Change in spread of 1986 restructuring agreement	Unchanged	800	Unchanged	Unchanged	7/8

Table 10 (continued). Terms and Conditions of Bank Debt Restructurings and Bank Financial Packages, 1986-87 1/

Country, Date of Agreement, and Type of Debt Rescheduled	Basis	Amount Provided	Grace Period	Maturity	Interest Rate
		(US$ millions)	(In years, unless otherwise noted)		(In percent spread over LIBOR-US prime)
South Africa					
First interim debt arrangement of March 25, 1986					
Short- and medium-term debt subject to September 1985 standstill originally due August 28, 1985 to June 30, 1987	About 95 percent of principal	9,800	1 1/4	1 1/4	)Margin applicable)in August 1985)plus a maximum)additional spread)of up to 1 per-)centage point
Second interim debt arrangement of March 24, 1987					)
Short- and medium-term debt subject to September 1985 standstill due June 30, 1987 to June 30, 1990	About 87 percent of principal	10,900	3	3	)
Uruguay					
Agreement of July 1986:					
Maturities falling due in 1985-1989 and not previously restructured	100 percent of principal	844	3	12	1 3/8
Previously restructured maturities falling due in 1985-1989	100 percent of principal	621	3	12	1 5/8
Medium-term loan granted in 1983	100 percent of principal	230	3	12	1 5/8
Bearer Treasury bonds	100 percent of principal	263	3	12	1 3/8
Agreement with Steering Committee of November 1987					
Modification of July 1986 agreement and restructuring of debt not covered in the July 1986 agreement	100 percent of principal	2,058	3	17	7/8
Venezuela					
Agreement with Steering Committee of February 27, 1987 (final agreement of November 1987):					
Modification of February 1986 rescheduling agreement	100 percent of principal	20,338	--	13	7/8
Zaire 10/					
Deferment agreement of May 1986 11/	Principal	65	...	...	Originally contracted rate
Deferment agreement of May 1987 12/	Principal	61	...	...	Originally contracted rate

Table 10. (concluded). Terms and Conditions of Bank Debt Restructurings and Bank Financial Packages, 1986-87 1/

Country, Date of Agreement, and Type of Debt Rescheduled	Basis	Amount Provided	Grace Period	Maturity	Interest Rate
		(US$ millions)	(In years, unless otherwise noted)		(In percent spread over LIBOR-US prime)
Memorandum item:					
Non-Fund member					
North Korea:					
Agreement in principle of September 1987					
Rescheduling of arrears	...	770	4	12	1 3/4 13/

Sources: Restructuring agreements, press reports; and Fund staff calculations.

1/ Arrangements approved (in principle or definitely) before January 1, 1986 were reported in International Capital Markets: *Developments and Prospects, 1986, December 1986.*
2/ For public debt pre-December 9, 1982 debt originally falling due prior to January 1, 1986 that has been previously restructured and debt originally falling due after December 31, 1985 that has not been previously restructured. Excluded is indebtedness under the 1983 and 1985 term credit agreements and the 1985 trade credit and deposit facility which is rescheduled on different terms. For private sector borrowers. the restructuring of principal maturities of pre-December 9, 1982 indebtedness maturing subsequent to December 31, 1985, including previously restructured maturities.
3/ Interest periods under all agreements will be converted from the existing periods to periods of 12 months.
4/ If on December 31, 1986 Honduras is current in its payment obligations, the margin over LIBOR will be reduced to 1 percentage point.
5/ Including the restructuring of the $950 million prepayment which had been deferred since October 1, 1985.
6/ These loans have an associated guarantee given by the World Bank in the later maturities equivalent to 50 percent of the nominal amount disbursed.
7/ Amount still to be determined. Amortization of rescheduled amounts subject to relending at the choice of creditors, but within certain limits of the domestic credit program established by the Mexican authorities.
8/ Spread will increase to 1 1/4 percentage points at the end of the grace period.
9/ Initial maturity of one year and a spread of 1 1/4 percent; will be automatically converted to a medium-term loan if certain conditions are fulfilled.
10/ Bank debt refinancing agreement covers only syndicated loans (and other floating rate loans) without creditor country guarantee.
11/ Under this agreement Zaire would make monthly payments amounting to $3.5 million for the period May 1986-April 1987.
12/ There will be monthly payments of $3 million for the May 1987-May 1988 period except for July 1987 when the due payment is $3.5 million.
13/ The spread over LIBOR is expected to remain 1 3/4 percentage points for the first three years, and then decline to 1 1/2 percentage points for the next five years, and to 1 1/4 percentage points for the final four years, subject to the borrowers' compliance with the terms and conditions of the agreement.

Table 11. Amounts of Long-Term Bank Debt Restructured, 1983-87 1/

(In millions of U.S. dollars; classified by year of agreement in principle)

	1983	1984	1985	1986	1987
Argentina	—	14,200	—	—	29,500 2/
Bolivia	(309) 3/	—	—	—	—
Brazil	4,452	4,846	—	6,671 4/	—
Chile	2,169	1,160	6,007	—	5,902 2/
Congo	—	—	—	217	—
Costa Rica	709	—	440	—	—
Cote d'Ivoire	—	501	—	691 2/	—
Dominican Republic	500	—	787 5/	—	—
Ecuador	1,835	—	4,260 2/	—	4,683 6/
Gabon	—	—	—	—	39
Guinea	—	—	—	—	25
Guyana	(24) 3/	(35) 3/	(47) 3/	(57) 3/	—
Honduras	—	—	—	—	235
Jamaica	—	165	195	—	366 2/
Madagascar	—	195	—	—	—
Malawi	57	—	—	—	—
Mexico	18,800	48,700 2/	(950) 3/	43,700 2/	—
Morocco	—	—	538	2,174	—
Mozambique	—	—	—	—	140 7/
Nicaragua	—	(145) 3/	—	—	—
Niger	—	27	—	52 8/	—
Nigeria	1,935	—	—	4,250 9/	—
Panama	—	—	579	—	—
Peru	380	460	—	—	—
Philippines	—	5,885 10/	—	—	9,010 2/
Poland	1,154	1,390	—	1,970	8,441 2/
Romania	567	—	—	800	800 11/
Senegal	—	78	20	—	—
Sierra Leone	—	25	—	—	—
South Africa	—	—	—	(9,800) 3/	10,900
Sudan	790 12/	838 12/	920 12/	—	—
Togo	84	—	—	—	—
Uruguay	216	(104) 3/	—	1,958 2/	2,058
Venezuela	—	21,088 2/	—	—	20,338 2/
Yugoslavia	950	1,250	3,949 2/	—	—
Zaire	(58) 3/	(64) 3/	(61) 3/	(65) 3/	(61) 3/
Zambia	—	74	—	—	—
Total 13/	34,598	100,882	17,695	62,483	92,412

Sources: Restructuring agreements; and Fund staff estimates.

1/ Including short-term debt converted into long-term debt.
2/ Multiyear rescheduling agreement (MYRA).
3/ Deferment agreement.
4/ Excluding $9.6 billion in deferments corresponding to maturities due in 1986.
5/ Consists of MYRA for maturities of $707 million falling due in 1985-89 and restructuring of $79.8 million of arrears at the end of 1984.
6/ Modification of 1985 MYRA.
7/ Including consolidation of $86.2 million in short-term debt into a medium-term loan.
8/ Preliminary number.
9/ Including $321 million of interest and late interest arrears which will have to be paid back in equal monthly installments in the period between the signing of the agreement and the end of 1987.
10/ Short-term debt—other than the trade facility—was consolidated into a medium-term loan under the 1984/85 restructuring.
11/ Modification of 1986 agreement.
12/ Modification of 1981 agreement.
13/ Totals exclude amounts deferred, which are given in parentheses.

Table 12. Terms of Selected Bank Debt Restructurings and Financial Packages, 1983-87 1/

Country	Year of Agreement	Type of Transaction	Grace Period (In years)	Maturity (In years)	Interest Rate (In percent spread over LIBOR/U.S. Prime)	Fees (In percent)
Argentina	1983	New financing	3	4 1/2	2 1/4-2 1/8	1 1/4
	1984	Restructuring	3	10 to 12	1 3/8	--
		New financing	3	10	1 5/8-1 1/4	5/8
	1987	New financing	5	12	7/8	3/8
		New financing 2/	--	4	7/8	3/8
		Restructuring 3/ 4/	7	19	13/16	3/8
		Restructuring 3/ 4/	5	12	13/16	3/8
Brazil	1983	Restructuring	2 1/2	8	2 1/4-2	1 1/2
		New financing	2 1/2	8	2 1/8-1 7/8	1 1/2
	1984	Restructuring	5	9	2-1 3/4	1
		New financing	5	9	2-1 3/4	1
	1986	Restructuring	5	7	1 1/8	--
Chile	1983	New financing	4	7	2 1/4-2 1/8	1 1/4
		Restructuring	4	8	2 1/8-2	--
	1984	New financing	5	9	1 3/4-1 1/2	5/8
	1985	Restructuring	6	12	1 3/8	1/8
		New financing	5	10	1 5/8-1 1/4	1/2
	1987	Restructuring 3/ 4/	3	5	1 1/8	--
		Restructuring 4/ 5/	5	15 1/2	1	--
Cote d'Ivoire	1984	Restructuring	2	7	1 7/8-1 5/8	1 1/4
		Restructuring	3	8	1 7/8-1 5/8	1 1/4
		New Financing	3	7	1 7/8-1 5/8	1 1/4
	1986	Restructuring 4/	3	9	1 5/8-1 3/8	--
Dominican Republic	1983	Restructuring	1	5	2 1/4-2 1/8	1 1/4
	1985	Restructuring 4/	3	13	1 3/8	--
Ecuador	1983	Restructuring	1	7	2 1/4-2 1/8	1 1/4
		New financing	1 1/2	6	2 3/8-2 1/4	1 1/4
	1985	Restructuring 4/	3	12	1 3/8	--
		New financing	2	10	1 5/8-1 1/4	--
	1987	Restructuring 6/	3	10	1	
		Restructuring 7/	7	19	15/16	
		New financing	2	8	1	1/2-1/8 8/
Mexico	1983	Restructuring	4	8	1 7/8-1 3/4	1
		New financing	3	6	2 1/4-2 1/8	1 1/4
	1984	New financing	5 1/2	10	1 1/2-1 1/8	5/8
		Restructuring 4/	0 to 1	14	7/8 in 1985-86	--
					1 1/8 in 1987-91	--
					1 1/4 in 1992-98	--
	1986	Restructuring 4/	7	20	13/16	--
		New financing	5	12	13/16	--
		New financing 9/	7	12	13/16	--
		New financing 10/	4	8	13/16	--
Philippines	1984	Restructuring	5	10	1 5/8	--
		New financing	5	9	1 3/4-1 3/8	1/2
	1987	Restructuring 4/	7 1/2	17	7/8	--
		Restructuring 4/ 11/	6	10	1 3/8	--
Uruguay	1983	Restructuring	2	6	2 1/4-2 1/8	1 3/8
		New financing	2	6	2 1/4-2 1/8	1/2
	1986	Restructuring 4/	3	12	1 3/8	--
		Restructuring 3/4/	3	12	1 5/8	--
	1987	Restructuring 3/ 4/	3	17	7/8	--
Venezuela	1984	Restructuring 4/	--	12 1/2	1 1/8	--
	1987	Restructuring 3/	--	13	7/8	--
Yugoslavia	1983	Restructuring	3	6	1 7/8-1 3/4	1 1/8
	1983	New financing	3	6	1 7/8-1 3/4	1 1/8
	1984	Restructuring	4	7	1 5/8-1 1/2	7/8
	1985	Restructuring 4/	4	10 1/2	1 1/8	--

Sources. Restructuring agreements.

1/ Classified by year of agreement in principle.
2/ New trade credit and deposit facility.
3/ Amendment to previous reschedulings or new money packages.
4/ Multiyear debt restructuring agreement.
5/ Amendments to 1983-87 restructuring agreement and 1988-91 unrescheduled original maturities.
6/ Restructuring of maturities under the 1983 and 1985 new money agreements.
7/ Restructuring of maturities under the 1985 MYRA and other refinancing agreements.
8/ Early participation fee (1/2 percent) for commitments received within 30 days.
9/ Growth contingency cofinancing with the World Bank.
10/ Contingent investment support facility.
11/ Of private financial and private corporate sector debt, except for private corporate sector debt due in 1990-92 under the 1985 restructuring agreement. The latter maturities are restructured at public sector terms.

Table 13. Lending Activities of Multilateral Development Banks, 1980-87 1/

(In millions of U.S. dollars; and in percent)

	1980	1981	1982	1983	1984	1985	1986	1987	Shares in 1987
To all members									
Commitments, total	16,490	17,219	17,226	20,612	19,169	22,393	23,244	24,974	100.0
Change from previous year		(4.4)	(0.1)	(19.7)	(-7.0)	(16.8)	(3.8)	(7.4)	
African Development Bank	571	635	766	899	879	1,154	1,640	2,140	8.6
Asian Development Bank	1,436	1,678	1,684	1,893	2,234	1,908	2,001	2,439	9.8
Inter-American Development Bank	1,881	2,245	2,276	2,776	3,315	2,889	2,900	2,216	8.9
World Bank	12,602	12,661	12,500	15,044	12,741	16,442	16,703	18,179	72.8
Gross disbursements, total	8,352	9,697	11,832	13,074	14,822	14,735	17,012	18,141	100.0
Change from previous year		(16.1)	(22.0)	(10.5)	(13.4)	(-0.6)	(15.5)	(6.6)	
African Development Bank	220	200	280	353	289	531	673	855	4.7
Asian Development Bank	579	667	795	937	1,001	1,010	1,024	1,227	6.8
Inter-American Development Bank	1,299	1,380	1,490	1,578	2,223	2,149	2,088	1,774	9.8
World Bank	6,254	7,450	9,267	10,206	11,309	11,045	13,227	14,285	78.7
Net disbursements, total	6,321	7,608	9,396	10,239	11,324	10,607	11,233	9,619	100.0
Change from previous year		(20.4)	(23.5)	(9.0)	(10.6)	(-6.3)	(5.2)	(-14.4)	
African Development Bank	200	169	246	307	229	458	566	713	7.4
Asian Development Bank	468	529	636	761	799	773	756	762	7.9
Inter-American Development Bank	1,042	1,113	1,215	1,284	1,851	1,721	1,512	760	7.9
World Bank	4,611	5,797	7,299	7,887	8,445	7,655	8,399	7,384	76.8
To 15 heavily indebted countries									
Commitments, total	5,653	5,698	5,969	7,930	5,657	7,876	9,233	8,869	100.0
Change from previous year		(0.8)	(4.8)	(32.8)	(-28.7)	(39.2)	(17.2)	(-3.9)	
African Development Bank	10	35	22	45	16	249	378	730	8.2
Asian Development Bank	178	216	254	235	276	—	317	44	0.5
Inter-American Development Bank	1,250	887	1,942	2,044	2,588	2,215	2,126	1,670	18.8
World Bank	4,215	4,560	3,751	5,606	2,777	5,412	6,412	6,425	72.4
Gross disbursements, total	3,012	3,347	3,810	4,737	6,025	5,636	7,485	6,841	100.0
Change from previous year		(11.1)	(13.8)	(24.3)	(27.2)	(-6.5)	(32.7)	(-8.6)	
African Development Bank	14	9	8	23	14	21	72	79	1.2
Asian Development Bank	90	121	128	187	172	159	139	133	1.9
Inter-American Development Bank	862	898	984	953	1,527	1,489	1,615	1,363	19.9
World Bank	2,046	2,319	2,690	3,574	4,312	3,967	5,659	5,266	76.9
Net disbursements, total	2,129	2,428	2,690	3,429	4,332	3,672	4,706	3,116	100.0
Change from previous year		(14.7)	(10.8)	(27.5)	(26.3)	(-15.2)	(27.9)	(-33.8)	
African Development Bank	11	3	4	17	10	14	61	66	2.1
Asian Development Bank	90	107	103	165	145	128	102	87	2.8
Inter-American Development Bank	617	685	742	691	1,202	1,124	1,134	640	20.5
World Bank	1,411	1,633	1,841	2,556	2,975	2,406	3,409	2,323	74.6

Sources: Data provided by the African Development Bank, the Asian Development Bank, the Inter-American Development Bank, and the World Bank.

1/ The African Development Bank Group, the Asian Development Bank, the Inter-American Development Bank, and the World Bank (IBRD plus IDA).

Table 14. World Bank: Lending Activities, FY 1981-87 1/

(In millions of U.S. dollars)

	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987
Aggregate lending							
Commitments	12,291.0	13,015.8	14,476.9	15,522.3	14,384.3	16,318.7	17,673.9
Of which: policy-based	(924.0)	(1,240.7)	(2,035.6)	(2,619.8)	(1,637.9)	(3,099.5)	(4,117.5)
Gross disbursements	6,862.0	8,016.2	8,387.9	11,104.3	11,135.2	11,417.6	14,417.7
Net disbursements	5,214.3	6,241.4	6,262.6	8,498.1	8,094.6	7,465.6	8,542.4
Sub-group total: Selected indebted countries 2/							
Commitments	4,350.0	4,300.1	4,522.7	4,354.0	4,410.9	6,070.5	6,589.4
Of which: policy-based	(200.0)	(150.0)	(927.3)	(1,396.1)	(610.0)	(2,105.0)	(2,369.1)
Gross disbursements	2,193.1	2,442.3	2,863.1	4,156.4	4,076.5	4,087.3	6,065.6
Net disbursements	1,533.1	1,682.9	1,939.2	2,970.7	2,673.9	2,225.3	3,428.5
Memorandum items:							
Data for selected indebted countries							
Commitments							
Argentina	68.0	400.0	100.0	—	180.0	544.5	965.0
Of which: policy-based	(—)	(—)	(—)	(—)	(—)	(350.0)	(500.0)
Bolivia	—	—	—	—	—	70.0	75.4
Of which: policy-based	(—)	(—)	(—)	(—)	(—)	(55.0)	(47.1)
Brazil	844.0	722.1	1,457.5	1,604.3	1,523.0	1,620.0	1,261.5
Of which: policy-based	(—)	(—)	(—)	(655.0)	(—)	(500.0)	(—)
Chile	78.0	—	128.0	—	287.0	456.0	366.5
Of which: policy-based	(—)	(—)	(—)	(—)	(—)	(250.0)	(250.0)
Colombia	550.0	291.3	78.4	462.2	707.5	700.3	180.3
Of which: policy-based	(—)	(—)	(—)	(—)	(300.0)	(250.0)	(—)
Cote d'Ivoire	133.0	374.5	32.2	250.7	141.3	340.1	160.0
Of which: policy-based	(—)	(150.0)	(—)	(250.7)	(—)	(250.0)	(—)
Ecuador	20.0	228.7	40.6	—	6.0	253.5	159.0
Of which: policy-based	(—)	(—)	(—)	(—)	(—)	(100.0)	(—)
Mexico	1,081.0	657.3	887.9	576.3	598.0	904.0	1,678.0
Of which: policy-based	(—)	(—)	(350.0)	(—)	(—)	(—)	(500.0)
Morocco	223.0	276.0	308.2	265.8	207.6	538.0	577.3
Of which: policy-based	(—)	(—)	(—)	(150.4)	(100.0)	(350.0)	(240.0)
Nigeria	321.0	314.0	120.0	438.0	119.0	312.9	629.0
Of which: policy-based	(—)	(—)	(—)	(250.0)	(—)	(—)	(—)
Peru	148.0	286.7	302.2	122.5	31.0	13.5	—
Of which: policy-based	(—)	(—)	(—)	(—)	(—)	(—)	(—)
Philippines	533.0	452.9	502.7	183.2	254.0	151.0	342.0
Of which: policy-based	(200.0)	(—)	(302.3)	(—)	(150.0)	(—)	(300.0)
Uruguay	30.0	40.0	45.0	—	64.0	45.2	105.4
Of which: policy-based	(—)	(—)	(—)	(—)	(60.0)	(—)	(80.0)
Venezuela	—	—	—	—	—	—	—
Of which: policy-based	(—)	(—)	(—)	(—)	(—)	(—)	(—)
Yugoslavia	321.0	256.6	520.0	451.0	292.5	121.5	90.0
Of which: policy-based	(—)	(—)	(275.0)	(90.0)	(—)	(—)	(—)

Table 14.(Concluded). World Bank: Lending Activities, FY 1981-87 1/

(In millions of U.S. dollars)

	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987
Gross disbursements							
Argentina	88.4	114.6	67.7	73.6	130.9	150.9	506.2
Bolivia	82.4	42.4	19.6	11.5	16.8	9.7	25.4
Brazil	377.6	471.5	763.8	1,405.3	1,054.5	716.3	1,616.2
Chile	24.5	32.6	22.4	34.5	67.7	355.5	325.8
Colombia	238.4	248.4	315.1	285.8	590.7	654.3	394.9
Cote d'Ivoire	79.0	110.7	179.2	205.7	191.8	102.7	223.7
Ecuador	45.7	47.0	26.4	81.7	42.0	83.4	176.7
Mexico	424.6	436.7	389.7	528.9	787.9	656.2	1,209.0
Morocco	84.4	110.4	178.7	207.1	215.6	375.2	390.6
Nigeria	72.6	112.8	166.8	271.8	198.9	284.3	704.3
Peru	70.5	75.9	86.9	104.2	127.1	122.5	109.5
Philippines	368.3	338.8	334.8	573.3	216.3	275.0	174.7
Uruguay	6.0	11.9	23.0	20.6	55.7	61.2	15.2
Venezuela	—	—	—	—	—	—	—
Yugoslavia	230.8	288.6	289.1	352.7	380.7	240.0	193.4
Net disbursements							
Argentina	45.2	60.8	13.1	15.8	63.8	69.0	344.3
Bolivia	78.6	36.4	10.3	3.3	2.5	-7.0	5.7
Brazil	257.6	297.8	549.2	1,084.0	694.8	219.7	856.6
Chile	11.3	20.4	8.5	21.5	45.3	334.2	292.2
Colombia	157.5	162.6	206.5	152.5	431.7	453.6	115.8
Cote d'Ivoire	67.6	96.8	161.6	181.0	157.6	57.2	156.9
Ecuador	32.0	33.4	6.3	63.9	20.2	53.5	136.3
Mexico	314.5	319.1	227.8	313.5	497.5	280.7	702.0
Morocco	45.1	74.3	140.3	145.5	139.1	271.7	256.6
Nigeria	39.2	81.6	131.7	237.5	159.1	226.3	606.4
Peru	51.2	53.9	63.6	71.4	85.7	68.9	44.6
Philippines	328.7	290.9	273.4	495.1	119.2	129.9	-18.0
Uruguay	-4.1	2.9	14.5	4.5	37.0	39.6	-10.1
Venezuela	-33.9	-23.2	-20.4	-18.5	-10.4	-26.2	-25.1
Yugoslavia	142.7	175.3	152.7	199.7	230.9	54.3	-35.7

Source: Data provided by the World Bank.

1/ Fiscal year July 1 to June 30. Comprises IBRD loans and IDA credits.
2/ The selected indebted countries are: Argentina, Bolivia, Brazil, Chile, Colombia, Cote d'Ivoire, Ecuador, Mexico, Morocco, Nigeria, Peru, Philippines, Uruguay, Venezuela, Yugoslavia.

Table 15. Inter-American Development Bank: Lending Activities, 1981-87 1/

(Amounts in millions of U.S. dollars)

	1981	1982	1983	1984	1985	1986	1987
Aggregate lending							
Commitments	2,244.5	2,275.6	2,775.6	3,314.6	2,889.1	2,900.5	2,215.8
Disbursements	1,380.4	1,489.5	1,578.1	2,223.1	2,149.2	2,087.8	1,773.5
Amortizations	267.3	274.7	294.2	371.9	427.7	575.5	760.2
Data for selected indebted countries							
Commitments	887.0	1,942.3	2,043.7	2,587.8	2,215.0	2,112.7	1,669.5
Argentina	185.7	369.0	53.4	350.8	100.0	496.0	—
Bolivia	—	225.0	89.6	73.0	—	135.4	80.7
Brazil	107.4	311.3	347.0	221.0	321.5	398.5	316.4
Chile	126.0	220.5	548.0	293.3	522.5	359.8	—
Colombia	113.0	202.5	396.6	395.0	353.3	80.0	460.0
Ecuador	23.9	235.0	81.3	306.4	274.4	272.7	257.2
Mexico	93.6	239.0	249.8	225.0	387.3	313.0	160.0
Peru	159.4	130.0	242.5	180.0	—	—	22.0
Uruguay	78.0	10.0	5.5	95.0	18.0	57.3	148.2
Venezuela	—	—	30.0	448.3	238.0	—	225.0
Disbursements	897.6	983.8	952.6	1,526.6	1,487.8	1,614.9	1,363.1
Argentina	128.8	140.5	114.5	165.5	176.6	146.1	85.4
Bolivia	40.0	35.2	22.1	42.6	50.6	110.9	78.3
Brazil	197.8	252.0	211.6	279.4	350.1	270.6	238.3
Chile	42.7	22.4	166.4	284.5	227.4	126.5	196.7
Colombia	100.5	110.6	151.8	174.5	166.1	205.6	206.2
Ecuador	75.9	78.7	48.0	69.4	127.6	193.0	185.7
Mexico	212.7	195.4	116.9	378.9	296.9	423.0	101.2
Peru	91.0	133.5	107.4	111.6	66.9	91.6	149.9
Uruguay	5.1	15.5	13.9	20.2	25.6	29.9	50.1
Venezuela	3.1	—	—	—	—	17.7	71.3
Principal repayments	212.2	241.5	261.3	325.0	363.9	480.5	640.0
Argentina	42.3	54.0	40.6	72.6	48.9	78.5	114.3
Bolivia	0.2	2.2	4.5	5.7	5.8	7.8	9.1
Brazil	65.2	69.0	79.6	96.1	130.4	156.9	192.7
Chile	6.1	8.3	10.2	11.4	11.0	21.3	37.8
Colombia	13.0	20.1	23.5	25.3	29.8	43.7	54.1
Ecuador	3.1	3.9	7.4	11.8	22.8	31.3	34.4
Mexico	60.6	64.1	73.3	76.1	79.7	98.6	142.2
Peru	4.9	4.5	9.0	12.3	21.4	28.7	38.1
Uruguay	3.3	3.3	3.1	4.3	5.2	4.9	8.1
Venezuela	13.5	12.1	10.1	9.4	8.9	8.8	9.2

Source: Data provided by the Inter-American Development Bank.

1/ In convertible currencies.

Table 16. African Development Bank Group: Lending Activities, 1981-87 1/

(In millions of U.S. dollars)

	1981	1982	1983	1984	1985	1986	1987
Aggregate lending							
Commitments	635.5	765.8	898.7	879.3	1,154.1	1,640.3	2,140.2
Of which: nonproject lending	(—)	(—)	(29.4)	(22.0)	(111.2)	(124.3)	(910.5)
Gross disbursements	200.1	280.2	353.0	288.6	531.0	672.3	854.8
Of which: nonproject lending	(—)	(—)	(—)	(5.2)	(18.6)	(48.8)	(60.9)
Amortization payments	31.6	34.1	46.1	59.8	72.8	106.6	141.7
Subgroup total: selected indebted countries 2/							
Commitments	34.9	22.0	45.2	16.4	248.8	377.6	729.4
Of which: nonproject lending	(—)	(—)	(—)	(—)	(111.1)	(73.4)	(554.7)
Gross disbursements	8.8	8.4	22.8	14.1	21.0	72.0	79.3
Of which: nonproject lending	(—)	(—)	(—)	(—)	(—)	(40.4)	(55.2)
Amortization payments	5.7	4.3	5.6	4.3	7.1	10.6	13.3
Memorandum items							
Data for selected indebted countries 2/							
Commitments							
Cote d'Ivoire	—	11.0	13.8	5.9	61.7	—	29.3
Of which: nonproject lending	(—)	(—)	(—)	(—)	(61.7)	(—)	(—)
Morocco	34.9	11.0	31.4	10.5	187.1	211.8	341.3
Of which: nonproject lending	(—)	(—)	(—)	(—)	(49.4)	(73.4)	(299.3)
Nigeria	—	—	—	—	—	165.8	358.0
Of which: nonproject lending	(—)	(—)	(—)	(—)	(—)	(—)	(255.4)
Disbursements							
Cote d'Ivoire	0.8	3.9	8.0	7.1	3.8	21.6	24.3
Of which: nonproject lending	(—)	(—)	(—)	(—)	(—)	(13.2)	(17.4)
Morocco	8.0	4.5	14.8	7.0	17.2	50.4	55.0
Of which: nonproject lending	(—)	(—)	(—)	(—)	(—)	(27.2)	(37.8)
Nigeria	—	—	—	—	—	—	—
Of which: nonproject lending	(—)	(—)	(—)	(—)	(—)	(—)	(—)
Amortization payments							
Cote d'Ivoire	2.8	1.1	2.0	1.9	3.3	3.4	4.5
Morocco	2.6	2.5	3.2	2.0	3.5	5.9	7.3
Nigeria	0.3	0.7	0.4	0.4	0.3	1.3	1.5

Source: Data provided by the African Development Bank.

1/ Comprises loans from the African Development Bank, the African Development Fund, and the Nigeria Trust Fund.

2/ The selected indebted countries are Cote d'Ivoire, Morocco, and Nigeria.

Table 17. Asian Development Bank: Lending Activities, 1981-87

(In millions of U.S. dollars)

	1981	1982	1983	1984	1985	1986	1987
Aggregate lending							
Commitments	1,678	1,684	1,893	2,234	1,908	2,001	2,439
Of which: nonproject lending	27	--	93	130	39	179	202
Disbursements	667	795	937	1,001	1,010	1,024	1,227
Of which: nonproject lending	7	8	9	110	87	14	16
Amortizations	138	159	176	202	237	268	465
Lending to Philippines							
Commitments	216	254	235	276	--	317	44
Of which: nonproject lending	--	--	--	130	--	--	--
Disbursements	121	128	187	172	112	139	133
Of which: nonproject lending	--	--	--	79	34	4	--
Amortizations	14	25	22	27	31	37	46

Source: Data provided by the Asian Development Bank.

Table 18. World Bank: Cofinancing Operations by Source of Cofinancing, Financing Plan Basis, 1980/81-1986/87 1/, 2/

(In millions of U.S. dollars, unless otherwise indicated)

	Number of Projects With Cofinancing	Cofinancers' Contribution							Bank Group Contribution		Total Project Costs
		Official		Export Credits		Private		Total			
		Number	Amount	Number	Amount	Number	Amount	Amount	IBRD	IDA	
All countries											
1980/81	75	69	1,493.9	9	548.9	9	1,104.1	3,146.9	2,742.9	1,531.9	15,896.1
1981/82	99	80	2,292.5	22	1,720.9	13	756.0	4,769.4	3,995.5	1,230.9	19,395.1
1982/83	86	81	2,388.6	12	2,205.1	10	935.0	5,528.7	3,071.2	1,163.9	19,334.9
1983/84	101	86	2,015.4	18	1,140.3	11	1,998.0	5,153.7	4,665.5	1,568.4	22,091.1
1984/85	108	89	2,646.6	22	1,383.9	11	1,043.0	5,073.5	4,978.3	1,659.7	24,131.1
1985/86	116	103	2,638.8	13	426.6	5	849.1	3,914.5	4,059.3	1,480.0	24,311.8
1986/87	111	100	2,697.0	15	2,006.1	7	933.8	5,636.9	4,994.6	1,854.3	22,440.8
Fifteen heavily indebted countries 3/											
1980/81	8	5	229.4	3	247.8	6	1,071.8	1,549.0	1,233.0	—	8,321.7
1981/82	16	4	32.5	10	907.3	6	590.0	1,529.8	1,543.3	—	7,468.9
1982/83	8	5	830.2	2	649.4	3	402.0	1,881.6	868.9	—	7,204.1
1983/84	9	5	212.0	3	202.7	5	1,323.3	1,738.0	1,464.6	—	6,918.6
1984/85	13	7	410.2	7	571.8	4	419.5	1,401.5	1,624.9	—	6,945.0
1985/86	15	10	244.7	5	101.6	1	45.0	391.3	1,067.8	15.0	4,412.1
1986/87	15	10	736.6	5	812.2	2	510.9	2,059.7	2,248.3	68.6	7,588.9
Argentina											
1981/82	3	—	—	2	116.8	1	200.0	316.8	400.0	—	1,453.7
1984/85	1	1	59.5	—	—	—	—	59.5	180.0	—	802.6
1986/87	2	—	—	—	—	2	510.0	510.0	776.0	—	1,778.2
Bolivia											
1985/86	1	1	8.0	—	—	—	—	8.0	—	15.0	47.9
1986/87	3	3	85.0	—	—	—	—	85.0	—	68.6	172.0
Brazil											
1980/81	3	1	25.0	—	—	2	315.0	340.0	431.0	—	4,601.5
1981/82	1	—	—	—	—	1	80.0	80.0	182.7	—	739.3
1982/83	2	1	730.0	1	589.4	2	377.0	1,696.4	524.5	—	6,271.9
1983/84	2	—	—	—	—	2	86.6	86.6	473.4	—	1,370.8
1984/85	1	—	—	1	7.6	—	—	7.6	200.0	—	422.0
1985/86	1	1	0.9	—	—	—	—	0.9	100.0	—	208.6
1986/87	1	—	—	1	13.5	—	—	13.5	100.0	—	285.0
Chile											
1984/85	1	—	—	1	14.0	1	300.0	314.0	140.0	—	656.0
1985/86	1	—	—	1	50.0	—	—	50.0	100.0	—	300.0
1986/87	1	1	319.3	1	68.8	—	—	388.1	95.0	—	799.3
Colombia											
1980/81	2	2	185.0	2	153.8	2	364.8	703.6	444.0	—	1,815.2
1981/82	2	1	1.0	1	216.5	—	—	217.5	229.3	—	2,508.2
1983/84	2	—	—	1	22.9	2	236.7	259.6	363.3	—	2,020.1
1984/85	2	—	—	2	149.5	2	87.5	237.0	259.0	—	1,333.5
1985/86	3	1	12.4	3	40.0	—	—	52.4	269.5	—	577.9
1986/87	1	1	102.3	—	—	—	—	102.3	180.3	—	1,623.0
Cote d'Ivoire											
1981/82	2	1	15.0	1	13.0	1	—	28.0	114.5	—	169.6
1982/83	1	1	35.2	—	—	—	—	35.2	32.2	—	98.5
1984/85	2	2	60.0	—	—	1	32.0	92.0	149.3	—	282.3
1985/86	3	3	79.5	—	—	—	—	79.5	60.1	—	331.3
1986/87	1	1	10.0	—	—	—	—	10.0	126.0	—	[illegible]

Table 18. (concluded). World Bank: Cofinancing Operations by Source of Cofinancing, Financing Plan Basis, 1980/81-1986/87 1/, 2/

(In millions of U.S. dollars, unless otherwise indicated)

	Number of Projects With Co-financing	Cofinancers' Contribution							Bank Group Contribution		Total Project Costs
		Official		Export Credits		Private		Total			
		Number	Amount	Number	Amount	Number	Amount	Amount	IBRD	IDA	
Ecuador											
1981/82	2	—	—	2	20.3	1	40.0	60.3	76.0	—	274.0
1986/87	2	2	19.7	—	—	—	—	19.7	111.0	—	152.4
Mexico											
1980/81	1	—	—	1	94.0	1	292.0	386.0	150.0	—	1,527.0
1981/82	1	—	—	1	147.0	1	180.0	327.0	152.3	—	1,147.3
1983/84	1	1	45.0	—	—	1	1,000.0	1,045.0	200.0	—	1,601.5
1984/85	1	—	—	1	223.9	—	—	223.9	300.0	—	2,123.6
1986/87	2	1	0.3	1	240.0	—	—	240.3	435.0	—	1,000.3
Morocco											
1983/84	1	1	82.0	—	—	—	—	82.0	115.4	—	602.2
1984/85	3	3	60.7	—	—	—	—	60.7	154.1	—	258.1
1985/86	1	1	101.0	—	—	—	—	101.0	120.0	—	720.3
1986/87	1	—	—	1	189.9	—	—	189.9	125.0	—	674.5
Nigeria											
1982/83	1	1	45.0	—	—	—	—	45.0	120.0	—	300.0
1985/86	3	2	13.6	1	11.6	—	—	25.2	239.0	—	428.5
Peru											
1980/81	1	1	19.0	—	—	—	—	19.0	58.0	—	127.6
1981/82	2	1	4.5	1	11.7	—	—	16.2	120.0	—	248.2
1982/83	2	1	19.0	1	60.0	—	—	79.0	111.2	—	325.2
1983/84	1	1	1.0	1	5.0	—	—	6.0	82.5	—	135.9
Philippines											
1980/81	1	1	.4	—	—	1	100.0	100.4	150.0	—	250.4
1981/82	2	1	12.0	1	295.0	1	50.0	357.0	228.5	—	724.2
1982/83	1	1	1.0	—	—	—	—	1.0	36.0	—	71.5
1984/85	1	1	230.0	1	79.0	—	—	309.0	150.0	—	459.0
1986/87	1	1	200.0	1	300.0	—	—	500.0	300.0	—	800.0
Uruguay											
1981/82	1	—	—	1	87.0	1	40.0	127.0	40.0	—	204.4
1982/83	1	—	—	—	—	1	25.0	25.0	45.0	—	137.0
1985/86	1	—	—	—	—	1	45.0	45.0	57.7	—	138.1
Yugoslavia											
1983/84	2	2	84.0	1	174.8	—	—	258.8	230.0	—	1,188.1
1984/85	1	—	—	1	97.8	—	—	97.8	92.5	—	607.9
1985/86	1	1	29.3	—	—	—	—	29.3	121.5	—	1,659.5

Source: Data provided by the World Bank.

1/ These statistics are compiled from the financing plans presented at the time of approval of World Bank loans by its Executive Board. The amounts of official cofinancing are, in most cases, firm commitments by that stage; export credits and private cofinancing amounts are, however, estimates, since such cofinancing is actually arranged as required for project implementation and gets firmed up a year or two later after Board approval. The statistics of private cofinancing in these tables for any fiscal year do not, therefore, reflect market placements in that year. In addition, Board plan figures may themselves be revised in the course of project implementation. This series incorporates such subsequent revisions as they become known.

2/ Fiscal year July 1 to June 30.

3/ The World Bank had no lending operations with Venezuela during this period.

Table 19. Inter-American Development Bank: Cofinancing Operations, 1981-87 1/

(In millions of U.S. dollars)

	1981	1982	1983	1984	1985	1986	1987
All countries complementary financing							
Commitments:	301.7	199.0	90.0	—	80.0	13.0	154.0
Inter-American Development Bank	218.0	100.0	60.0	—	28.0	—	22.0
Commercial banks	83.7	99.0	30.0	—	52.0	13.0	132.0
Complementary financing data for selected indebted countries							
Commitments (total)	231.7	199.0	—	—	80.0	13.0	154.0
IDB	173.0	100.0	—	—	28.0	—	22.0
Commercial banks	58.7	99.0	—	—	52.0	13.0	132.0
Argentina	—	—	—	—	—	—	
IDB	—	—	—	—	—	—	
Commercial banks	—	—	—	—	—	—	
Chile	161.0	180.0	—	—	—	—	
IDB	126.0	100.0	—	—	—	—	
Commercial banks	35.0	80.0	—	—	—	—	
Colombia	—	—	—	—	80.0	—	86.6
IDB	—	—	—	—	28.0	—	—
Commercial Banks	—	—	—	—	52.0	—	86.6
Peru	70.7	19.0	—	—	—	—	67.4
IDB	47.0	—	—	—	—	—	22.0
Commercial banks	23.7	19.0	—	—	—	—	45.4
Uruguay	—	—	—	—	—	13.0	—
IDB	—	—	—	—	—	—	—
Commercial banks	—	—	—	—	—	13.0	—
All countries cofinancing							
Commitments	820.5	529.8	2,505.7	924.3	1,055.9	1,192.5	713.3
IDB	476.0	437.5	1,261.8	427.0	653.7	812.2	460.7
IBRD	197.3	11.4	660.4	230.0	223.8	104.6	171.6
Other institutions 2/	25.4	19.9	72.7	27.5	38.3	122.5	20.0
Other sources 3/	121.8	61.0	510.8	239.8	140.1	153.2	61.0
Cofinancing data for selected indebted countries							
Commitments	733.1	206.3	2,193.2	815.4	852.7	954.9	672.0
IDB	406.0	184.0	1,074.1	335.1	522.2	669.6	440.7
IBRD	197.3	1.4	629.4	230.0	193.5	94.6	171.6
Other institutions 2/	8.0	9.9	17.4	10.5	—	37.5	20.0
Other sources 3/	121.8	11.0	472.3	239.8	137.0	153.2	39.7

Table 19 (Concluded). Inter-American Development Bank: Cofinancing Operations, 1981-87 1/

(In millions of U.S. dollars)

	1981	1982	1983	1984	1985	1986	1987
Argentina	265.7	—	—	—	240.3	320.4	7.6
IDB	150.0	—	—	—	60.3	246.0	—
IBRD	115.7	—	—	—	180.0	—	—
Other institutions	—	—	—	—	—	—	—
Other sources	—	—	—	—	—	84.4	7.6
Bolivia	—	154.9	58.6	63.5	—	15.8	110.7
IDB	—	134.0	47.6	53.0	—	8.3	80.7
Other institutions 2/	—	9.9	11.0	10.5	—	—	10.0
Other sources	—	11.0	—	—	—	7.5	20.0
Brazil	—	—	482.0	—	—	—	—
IDB	—	—	130.0	—	—	—	—
IBRD	—	—	352.0	—	—	—	—
Other sources 3/	—	—	—	—	—	—	—
Chile	—	—	912.1	299.0	337.5	482.7	—
IDB	—	—	548.0	82.1	227.9	319.3	—
IBRD	—	—	—	—	—	94.6	—
Other institutions	—	—	—	—	—	—	—
Other sources	—	—	364.1	216.9	109.6	68.8	—
Colombia	237.4	51.4	725.6	452.9	147.1	—	553.7
IDB	116.0	50.0	340.0	200.0	115.0	—	360.0
IBRD	81.6	1.4	277.4	230.0	8.5	—	161.6
Other institutions 2/	8.0	—	—	—	—	—	—
Other sources 3/	31.8	—	108.2	22.9	23.6	—	32.1
Ecuador	230.0	—	14.9	—	—	126.0	—
IDB	140.0	—	8.5	—	—	96.0	—
Other institutions 2/	—	—	6.4	—	—	—	—
Other sources 3/	90.0	—	—	—	—	30.0	—
Uruguay	—	—	—	—	16.0	—	—
IDB	—	—	—	—	11.0	—	—
IBRD	—	—	—	—	5.0	—	—
Venezuela	—	—	—	—	111.8	—	—
IDB	—	—	—	—	108.0	—	—
IBRD	—	—	—	—	—	—	—
Other institutions 2/	—	—	—	—	—	—	—
Other sources 3/	—	—	—	—	3.8	—	—

Source: Data provided by the Inter-American Development Bank.

1/ Includes special financing arrangements not necessarily made during the year.
2/ Other institutions include EOC, IFAD, OPEC, CABEI, and VIF.
3/ Other sources include commercial banks and suppliers.

Table 20. African Development Bank Group: Cofinancing Operations, 1981-87

(In millions of U.S. dollars)

	1981	1982	1983	1984	1985	1986	1987
Cofinancing commitments (total)	514.6	1,338.9	1,302.1	509.1	1,176.0	2,032.2	2,264.2
Of which:							
ADB Group contribution	172.8	300.7	372.3	196.7	451.9	734.7	954.5
World Bank contribution	84.1	161.5	240.0	131.9	432.0	760.0	909.5
Cofinancing commitments to selected highly-indebted countries							
Cote d'Ivoire	—	—	15.6		123.4	—	—
Total							
Of which:							
ADB Group contribution	—	—	13.8		61.7	—	—
World Bank contribution	—	—	—		61.7	—	—
Morocco							
Total	—	—	197.0	—	166.9	481.0	552.9
Of which:							
ADB Group contribution	—	—	31.4	—	49.4	149.7	196.6
World Bank contribution	—	—	104.7	—	110.8	295.1	333.1

Source: Data provided by the African Development Bank.

Table 21. Asian Development Bank: Cofinancing Operations, 1981-87

(In millions of U.S. dollars)

	1981	1982	1983	1984	1985	1986	1987
Cofinancing commitments (total)	1,454	1,577	1,078	2,553	1,832	1,244	1,540
Asian Development Bank	827	878	769	1,390	1,193	752	1,037
Commercial Banks	87	261	180	230	83	9	69
Other multilateral institutions	157	240	60	383	136	235	32
World Bank	(15)	(137)	(5)	(359)	(111)	(173)	(15)
UNDP	(5)	(5)	(2)	(2)	(12)	(13)	(6)
IFAD	(27)	(20)	(28)	(—)	(8)	(10)	(11)
OPEC Fund	(44)	(75)	(—)	(11)	(5)	(8)	(—)
EEC	(37)	(3)	(17)	(—)	(—)	(5)	(—)
IsDB	(16)	(—)	(8)	(11)	(—)	(2)	(—)
Nordic Investment Bank	(—)	(—)	(—)	(—)	(—)	(21)	(—)
EIB	(13)	(—)	(—)	(—)	(—)	(3)	(—)
United Nations Capital Development Fund	(—)	(—)	(—)	(—)	(—)	(1)	(—)
Bilateral donors	324	183	69	348	199	145	251
Others—export credits	59	15	—	202	222	104	151
Cofinancing commitments for the Philippines (total)	183	145	—	316	—	53	54
Asian Development Bank	143	113	—	163	—	43	44
Commercial banks	—	20	—	3	—	—	—
Other multilateral institutions	35	—	—	150	—	5	—
World Bank	(—)	(—)	(—)	(150)	(—)	(—)	—
IFAD	(8)	(—)	(—)	(—)	(—)	(5)	—
OPEC Fund	(20)	(—)	(—)	(—)	(—)	(—)	—
EEC	(7)	(—)	(—)	(—)	(—)	(—)	—
Bilateral donors	5	12	—	—	—	5	2
Others	—	—	—	—	—	—	8

Source: Data provided by the Asian Development Bank.