



Po - CH / NL / 0128

ANNEX I

Annex I

Begins: 17/7/87.
Ends: 17/7/87.


 PO -CH /NL/0128

 ANNEX I

Chancellor's (Lawson) Papers:

ZAIRES INTERNATIONAL
 DEBT PROPOSAL FOR
 REFINANCING THE EXTERNAL
 DEBT OF THE REPUBLIC OF
 ZAIRE

Disposal Directions: 25 years

Phelan

22/8/95

PO -CH /NL/0128
 ANNEX I

AFRICAN DEVELOPMENT BANK

Refinancing Africa's Debt:

Proposal for Refinancing the Foreign Debt

of The Republic of Zaire

PROPOSAL FOR REFINANCING THE FOREIGN DEBT
OF THE REPUBLIC OF ZAIRE

1. Preamble

1.1 The African Development Bank has viewed with increasing concern the rapid development and spread of the debt crisis which besets an increasing number of its members. Conscious of the insupportable burden posed by the levels of debt service projected for many of the Bank's member states, and of the growing recognition that a comprehensive, long-term approach to restructuring external debt is necessary to improve the prospects for many of the most vulnerable economies, the Bank has resolved to launch an initiative to address the situation.

1.2 In the context of the especially acute liquidity crisis which confronts many African countries today, it is clear that any new approach to the external debt problem will need to satisfy the legitimate requirements of creditors, while at the same time

- (i) matching the future profile of principal repayments as well as the level of interest charges to realistic projections of export earnings and public revenues over the coming years; and
- (ii) providing for future debt service payments to reduce the amount of principal outstanding, rather than continuing the perpetual build-up of debt stock, so as to establish the conditions for an eventual revival of investment flows.

ly

1.3 After detailed consideration of the situations of many of the Bank's member countries, it has been concluded that the first phase of this initiative should address the external debt of one of the region's most heavily indebted countries. The Republic of Zaire was considered to be an appropriate first case for a variety of reasons, most prominent amongst which include:

a

(i) the magnitude of Zaire's burden of outstanding debt in the context of the depressed performance of the country's traditional export commodities and slow growth of GDP per capita;

ns

(ii) the history of Zaire's protracted and costly reschedulings of its external debt, which has swelled the country's outstanding obligations without contributing to the resumption of appreciable net inflows of new investment funds;

o

(iii) President Mobutu's publicly expressed desire for a negotiated and comprehensive solution to Zaire's debt problem;

se

to

set

(iv) the fact that Zaire has implemented successive programmes of budgetary and investment restraint with great determination under the guidance of the International Monetary Fund and the World Bank, at great cost to the levels of investment and social expenditure during these years.

d

/4

1.4 It is clear that all groups of creditors must be fully involved in any new approach to the debt situation.

1.5 The role of the multilateral institutions will be especially important. Not only must they remain involved in providing guidance and support in matters of policy and planning, but they must maintain and indeed increase the level of their programmes of financial assistance to Zaire to assure a positive net flow of resources into the country. In consideration for this continued support, the multilateral institutions will not be asked to alter the terms and conditions of their existing loans in any way.

1.6 Member governments of the Paris Club will be asked to restructure their outstanding obligations to Zaire in an unprecedented way, but must maintain their involvement in Zaire's economic future through the annual Consultative Group meetings at which Zaire's economic progress is reviewed. These governments will be relied upon as well to continue their concessional assistance programmes over the coming years.

1.7 Banks and other private creditors will be requested to restructure their obligations in the same way. The proposal set out below includes a variety of optional features which would allow for the early retirement of some debts at a discount and which would facilitate the transfer of obligations, their realisation or conversion into equity in approved projects in Zaire.

1.8 It is in this context that the proposal set out below is submitted for the consideration of the Zairean authorities.

2. Background

2.1 The major part of Zaïre's medium- and long-term external debt originates from the years 1970-74 when copper prices were high and the economy was booming. In the ten years since 1977, Zaïre's debt has been rescheduled eight times. As shown in Table I, at the beginning of this period the total of outstanding medium- and long-term external debt stood at some US\$ 2.5 billion. At 31st December 1986, this total had reached US\$ 5.8 billion. This increase of more than US\$ 3 billion took place during the ten years when Zaïre drew down new loans of only US\$ 1.5 billion. The remaining US\$ 1.5 billion, therefore, of the current total represents debt arising from the capitalisation of interest and late payment penalties.

2.2 During the ten years 1977-86 Zaïre made debt service payments totalling some US\$ 2.5 billion - an amount equal to the total of the 1977 debt outstanding. A large part of the debt incurred in the early 1970s carried fixed interest rates in the region of 4 per cent. per annum. Successive reschedulings have converted this debt into obligations at progressively higher, and, in most cases, variable rates (now averaging over 8 per cent.).

2.3 The rescheduling of official debt service due to be paid between April 1987 and December 1988, which was agreed at the Paris Club in May 1987, calls for repayment over fifteen years with six years grace on principal payments. If the increased interest paid over the original contractual levels since 1977 had been contributed to a redemption fund from that time forward, the principal of the original US\$ 2.5 billion debt would have been entirely amortised by the end of the 15 years to 1992.

2.4 As with most developing nations, Zaïre's economy suffers from the strains of an unbalanced reliance upon primary commodities for its earnings. Falling commodity prices and sharply deteriorating terms of trade for Zaïrean exports have highlighted this vulnerability. Instead of devoting undivided attention to the urgent investment effort necessary to return the economy to stability, the energies of Zaïre's economic and financial authorities have been diverted in large measure to the complex, protracted and costly task of managing the stock of debt inherited from the 1970s.

2.5 The repeated reschedulings of all the external debt, except that owed to multilateral institutions, have been combined with stringent economic programmes which, in most of the recent years, have been accompanied by a shrinking in real terms of the investment available to promote growth in the interests of short-term stability. In 1986, for example, the investment budget had shrunk to some US\$ 395 million (some 6.4% of GDP), which is unconstructively small for an economy of the size of Zaire's. The very difficult economic conditions within the country have also persuaded several major foreign investors to dispose of their investments in Zaire.

2.6 The most recent forecast of the World Bank and IMF for foreign exchange revenues arising from the export of goods and services is shown in Table 3. Without a substantial surge in economic growth (which is not currently projected), it is clear that Zaire's debt will have to be reprofiled in every single year up to 1992 and beyond. Contractual debt service over this period, including the service of previously rescheduled debt, amounts to a constant level of at least 50 per cent. of projected export earning flows. If the debt is rescheduled over this period in the same way as it has been in the last ten years, the total of outstanding debt would continue to climb over the coming years while practically no new borrowing, other than from multilateral sources, would have been drawn.

2.7 As shown in Table 4, over the last six years Zaïre has actually paid to its creditors, after taking account of the reschedulings, a relatively stable percentage of its export earnings. In 1987 contractual debt service was approximately US\$ 1 billion, which is equivalent to over 53 per cent. of forecast export earnings. Following the 1987 Paris Club agreement, the amount due during 1987 to all creditors except the multilateral institutions has been reduced to approximately US\$ 300 million, equivalent to 16 per cent. of forecast export earnings. As illustrated in the Table, over the last few years actual export earning out-turns have often differed substantially from projections, but have in fact been far more stable than the projections themselves. As shown in Table 2, export earnings of goods and services have ranged from a low of US\$ 1.7 billion to a high of US\$ 2.0 billion in the past decade. 1987 projections are approximately US\$ 1.9 billion.

2.8 On past performance, and considering the economy's prospects for growth and export earnings, it would be unrealistic for Zaïre to commit itself to debt service payments exceeding the actual level which the country has achieved in the recent past. Given the current contractual profile of Zaïre's debt (see Table 3), such a position would imply annual reschedulings of steadily expanding proportions, together with the commitment of very substantial sums of new capital from sources which cannot, at this juncture, be readily identified.

2.9 For these reasons the African Development Bank, and its financial advisers, have held extensive discussions with the authorities in Zaire to seek a way in which the ever-increasing burden of outstanding debt can be contained and rendered manageable. These discussions have led to the definition of three objectives which should form the basis for a new approach to the servicing of external debt and have resulted in the proposal described below.

3. Objectives

3.1 The purpose of the current proposal is to replace most of the existing debt with a unified and transferable debt instrument and to establish a realistic debt servicing level which does not exceed the amount of debt service which the country has actually been able to pay. The proposal does not require the write-off of any of the currently outstanding debt but rather the renegotiation of its terms so as to introduce a real expectation that interest payments can be met and the principal repaid at maturity. The proposal would provide a sound basis for economic planning and development. Appropriate performance criteria would continue to be agreed with the Zairean authorities and monitored by the multilateral institutions and by the other official creditors through the Consultative Group in order to attract the significant amounts of new capital investment which Zaire will need from these sources. The criteria would not, however, need to be monitored in a secondary process by individual creditors through a cycle of annual reschedulings.

3.2 The proposed structure provides several options, designed to meet the varying requirements of creditors. If some of these options are taken up by creditors both exports from Zaire and direct investment in the economy will be increased. In the longer term, the conditions would be created whereby new medium- and long-term debt could be contracted to provide the essential finance for the rehabilitation and growth of the Zairean economy.

3.3 The objectives of the proposal, therefore, are:

- (i) to ensure that future debt service payments contribute to a reduction of the principal amount of debt outstanding;
- (ii) to fix the amount of annual debt service at the level which Zaire has been able to pay in recent years and which it is therefore reasonable to assume should remain a manageable level on the assumption of level or rising export performance over the coming years;
- (iii) to end the continuing cycle of rescheduling of existing debt, freeing the financial authorities to concentrate on the expansion and efficient administration of the economy.

4. The Proposal

4.1 The proposal sponsored by the African Development Bank will require the active support of all of Zaire's creditors. Bilateral agencies and governments who are members of the Paris Club, together with commercial banks and other unsecured private creditors, will be asked to accept new obligations in return for the surrender or cancellation of outstanding debts.

4.2 Multilateral institutions, including the African Development Bank, would not be asked to alter the terms and conditions of outstanding debts owed to them by Zaire in any way. However, they would be expected at least to maintain the net level of their outstandings and to seek to put in place new programmes which would permit increasing disbursements to Zaire over the period of the operation. These institutions would therefore remain available to support Zaire's economic and financial planning for many years to come.

4.3 This proposal envisages that as at say 1st January 1988, all of Zaire's outstanding external bilateral and private debt would be replaced by a unified issue of transferable obligations to creditors. The issue would have the characteristics set out below.

4.4 Eligible debts: all existing external official bilateral and commercial medium- and long-term debt outstanding will be cancelled or surrendered in exchange for the new obligations to be issued.

4.5 Term: the new obligations would have a twenty year life, with the principal amount payable at final maturity. This term reflects the most reasonable and prudent repayment period feasible, and corresponds to the longest rescheduling of official debt yet accorded by the Paris Club.

4.6 Currency: it is proposed that the issue will be denominated in SDRs, so as to expose creditors, who have outstandings in a variety of currencies, to the minimum exchange rate risk. An additional consideration in the choice of a single, neutral currency lies in the desirability of maximising the marketability of the security. Nevertheless, individual issues, on the same terms, could be made in the currencies of the original amounts outstanding if this proved essential to various creditors.

4.7 Amount: the issue will be for a maximum of US\$ 5.0 billion equivalent, representing the total amount of so-called Paris, London and 'Kinshasa Club' debts outstanding. The majority of securities issued under the programme are not, in the initial stages, likely to be actively traded, but most likely will be held by creditors or distributed over an extended period as the security for the notes builds with the accumulation of the redemption fund. The conversion to security form should therefore not pose any of the market-absorption problems usually associated with large issues of securities.

4.8 Interest rate: the issue will carry a fixed interest rate of 4% per annum, therefore absorbing a maximum of some US\$200 million. This level of current interest, taken together with the annual redemption fund payment (see below), represents broadly the level of transfer which Zaire has actually been able to make in recent years, after taking debt relief into account. Fixing debt service at this level therefore represents a conservative estimate of the country's future ability to pay. It should be noted as well that 4% is the average of the original interest rates on the debts which have subsequently been rescheduled at the Paris Club, and takes into consideration the widely recognised view that for those African countries with severe debt problems, future interest obligations must reflect the country's ability to pay.

4.9 Redemption fund: an annual transfer of 2% of the principal outstanding will be made into a redemption fund managed by a Trustee, preferably a multilateral institution such as the African Development Bank or the World Bank. Such a transfer would absorb a maximum of US\$ 100 million per annum. At an annual rate of build-up of some 8.5% per annum, such a payment should be sufficient to generate the full repayment amount after twenty years. Transfers to the redemption fund will be effected by means of an automatic deduction from the sale proceeds of certain exports, such as copper and cobalt, from Zaire in the way which has been used by arrangement with the Federal Reserve Bank of New York for Paris Club creditors.

4.10 Changed circumstances: in the event that the export earnings of Zaire are significantly higher than presently forecast, it will be provided that there will be an increase in the level of payments to the redemption fund and that the maturity of the obligations will be accelerated accordingly. If, on the other hand, Zaire's economic situation should deteriorate further, such that it became impossible to continue to meet the service of the obligations as contracted, Zaire could have recourse to extraordinary assistance such as the Compensatory Financing Facility of the IMF and other similar facilities. The issue has been designed with prudent assumptions for export revenues over the medium-term. Nevertheless, a payment interruption would leave creditors no worse off than at present, whilst the redemption fund provides a measure of real security which does not currently exist.

4.11 Listing and registration; in order to assist in the development of an orderly market in the securities, the notes would be listed on an international stock exchange. The securities would be in registered form so that the Trustee and Zaire will be able to monitor accurately the level of transactions in debts, and so that Zaire retains the knowledge of who its ultimate creditors are.

Optional features of the proposal

4.12 Transferability: holders will be free to negotiate the sale or transfer of the obligations to others, both inside and outside Zaire, subject to registration and listing requirements.

4.13 Equity conversion: subject to the regulations developed by the Zairean authorities, holders will have the option, for a limited period after their issue, of surrendering their obligations to the Banque du Zaïre in exchange for zaïres at a premium over the then ruling exchange rate. This premium would reflect any current differential between the official and parallel market rates of exchange. Thereafter, surrender will be permitted at a nominal premium. In each case it will be required that the zaïres paid to holders are invested for an approved purpose, in which case such investments will be regarded by the Zairean authorities as having been originally made in foreign exchange. Holders will thus have a debt to equity conversion option similar to that available in a number of other countries. Detailed regulations for such conversions will be developed by the Zaïre authorities and may include incentives designed to encourage investment in specified sectors or regions. The total amount of such conversions will also be subject to certain overall limits.

4.14 Export funding: at present, certain circumstances have the effect of encouraging exporters to use irregular channels for exports. To counter this, holders will have the option of surrendering their obligations to the Banque du Zaïre for zaïres at any time to provide the finance to facilitate exports from Zaïre defined as supplemental by reference to the specific product or service's prior export level. Such provision would be designed to increase official Zairean exports by encouraging the channelling of high-value export commodities through the official mechanisms and stifling parallel market activities. Such surrender will be at the then ruling exchange rate plus an appropriate premium. Measures will be designed to enable the authorities to prevent undue arbitrage and uncontrolled flows resulting from this procedure whilst maintaining simple administration and real incentives to creditors to reduce external debt whilst helping growth of exports. The effect of this option on the domestic money supply will be closely monitored by the Zairean authorities, in accordance with the economic policy agreed with the IMF.

4.15 Early redemption options ("accelerated notes"): some creditors may be less concerned with the level of running yield than the prospect of earlier retirement of principal amounts outstanding. Holders will therefore have the option on application to have their interest payments of 4 per cent. per annum converted into payments into the redemption fund of the same amount, yielding more rapid recovery by them of all their debt in return for forgoing interest payments. On the assumptions retained for build-up of the redemption fund (8.5% per annum), this would yield repayment after some 11 years.

Holders would also have the right at any time to surrender their obligations to the Banque du Zaïre against payment, from the redemption fund, of that pro rata share of the fund then applicable to the nominal amount of the holder's obligations.

4.16 Higher coupon notes: It should be recognised that Zairean public obligations are currently quoted in secondary markets at discounts to face value of as much as 70 - 75 per cent. (i.e. 25 - 30 per cent. of face amount), and that many commercial banks and other private creditors have made large general provisions against their holdings of sovereign debt. Such creditors might therefore be prepared to accept conversion of their debts at discounted levels, particularly if such notes carried more attractive running returns. If a higher annual return was particularly important for certain creditors, then higher coupon notes could be offered, but based upon a discounted valuation of the outstandings to be converted. This would be necessary in order not to exceed the overall amount of funds available for debt service and to preserve equality of treatment between creditors. Such notes could therefore be offered to creditors at perhaps 50 per cent. of the nominal value of their outstandings (implying an "issue price" therefore of 200 per cent. of the par value of the new notes) but carrying a higher annual coupon of 8 per cent. Redemption fund payments at 2 per cent. per annum would also be made in respect of such notes. As bank and commercial creditors are the most likely to have provided against the value of their debts, this option with its market rate of running return could have substantial attractions.

4.17 Principal recovery insurance ("insured notes"):

holders may, at their own expense, insure their obligations to render them more easily tradeable. This insurance will be carried out under an umbrella policy negotiated on behalf of all creditors with the principal insurance markets such that a single premium payment by the holders of approximately 25 per cent. of the face value of the obligations would provide a guarantee of principal repayment after twenty years. The final payout should be sufficient to cover both the face value of the obligation so insured plus the premium payment of 25 per cent. incurred. This will have the result of rendering the notes more valuable in the financial markets and more easily tradeable. The operation would be similar to the purchasing of a zero coupon bond whose value would increase sufficiently to amortise the principal at maturity. Holders opting to join this insurance scheme would receive interest on their obligations at the rate of 6 per cent. per annum. No contribution to the redemption fund would then be made in respect of such holdings.

4.18 Guarantees of interest by holders: in order to make the obligations more easily tradeable at prices close to par, certain holders may opt to place their own guarantees on the interest payable on obligations, and then to sell such obligations in the international capital markets. In circumstances where creditors have made substantial provisions against the debts concerned, the consequent realisation of principal which would accrue upon sale of the notes would have substantial attractions, while creditors would be left only with a contingent liability on the interest payments.

5. Effects of the proposal

5.1 The effects on the debt service payments due by Zaïre of this proposal are illustrated in Table 5. If the proposal is acceptable to those medium- and long-term creditors to whom it is made, the external debt of Zaire owed to such creditors would carry a debt service obligation which the country could afford, the debt would be repaid at the end of twenty years in full and any further need for the time-consuming annual reschedulings would be eliminated.

5.2 Certain of the options listed under the proposal would also have the effect of reducing the total of the debt outstanding to the extent that they are taken up. It is also anticipated that a significant number of creditors will over time take up the debt for equity conversion option, which will have the effect of increasing foreign direct investment in the economy.

5.3 Although the proposal will not of itself generate any new funds for Zaire, it is clear that if the new debt service agreed to by Zaire under such arrangements is consistently paid in the future, the conditions will be created under which new medium- and long-term external borrowings would be possible. The economic prospects of the country would also appear much less uncertain and inhospitable for new investments.

5.4 The multilateral institutions will be required not only to maintain a positive net inflow of funds into Zaire over the next twenty years but, at least initially, the funds required for new projects in the economy will have to be found from them and from official bilateral sources. While this places a heavy burden on the multilateral institutions, it also ensures that the cooperation with the Zairean authorities in the evaluation of economic and financial policy that those institutions have developed over the past decade will be continued. The proposal means that, although the necessity of annual meetings of creditors who are members of the Clubs of Paris, London or Kinshasa would be eliminated, the commitment of the multilateral institutions will by no means be reduced.

5.5 The structure of the proposal is intended to allow all categories of medium- and long-term creditors, other than multilateral institutions, to be treated on a comparable basis. Certain creditor governments have been reviewing the possibility of converting some of their rescheduled credits into grants for the benefit of the debtor countries. Clearly, to the extent that such conversions can take place in the case of Zaire, the total of debt service payments required will be reduced and the future prospects of the country will be that much improved. The proposal, however, does not assume that any such conversions will take place.

TABLE 1

EVOLUTION DU SERVICE DE LA DETTE ANNEE PAR ANNEE

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
	En millions de \$US												
Service Initial (1)	252	289	386	464	509	689	739(3)	755	577	638	836	747	820
Service Contractuel Plus Arriérés	252	390	497	622	991	941	772	926	2036	638	836	747	-
Service Rééchelonné	-	191	225	-	571(2)	600	371	-	1385	-	418	345	-
Nouveau Service Contractuel (1-2)	252	199	272	622	420	341	401	926	651	638	418	402	820
Service Effectué	151	88	114	140	168	308	230	115	221	327	380	366	-
Cumul des Arriérés en fin d'année (3-4)	101	111	158	482	252	33	171	811	963	-	-	-	-
Encours (- Mobilisé	514	Non Disp	(2474	1718	(3336	4089	4330	4447	(3873	4388,46	4960	5773,44	-
(- Non-Mobilisé	170		(	1198	(		660	510	(			578,94	

Source: OGEDEP

- (1) Service dû avant rééchelonnement dans une année donnée mais y compris le service sur les rééchelonnements précédents.
- (2) Non compris la consolidation de 171 millions de \$ de créances à court terme.
- (3) Y compris l'estimation du service dû sur le dernier accord de rééchelonnement avec le Club de Paris au titre des échéances du 1er avril 1987 - 31 décembre 1988.

TABLE 2

HISTORICAL BALANCE OF PAYMENTS

(US dollar millions at Current Prices)

	Actual					
	1981	1982	1983	1984	1985	1986
A. Exports of Goods & NFS	1772	1658	1786	2033	1978	2002
1. Merchandise	1678	1601	1686	1918	1852	1846
2. Non Factor Services	94	57	100	115	126	156
B. Imports of Goods & NFS	2149	1905	1903	1870	1772	1975
1. Merchandise	1691	1545	1444	1399	1413	1550
2. Non Factor Services	458	360	459	470	359	425
C. Resource Balance	-377	-247	-117	163	206	27
D. Net Factor Income	-471	-496	-409	-571	-569	-575
1. Factor Receipts	57	26	15	27	27	33
2. Factor Payments o/w Interest	528 329	522 341	424 336	598 425	596 390	608 457
E. Net Current Transfers	196	101	124	31	84	78
(Private)	-4	-9	3	-91	-55	-62
(Public)	200	110	121	122	139	140
F. Current Account Balance	-652	-642	-401	-377	-279	-470
G. Long Term Capital Inflow	386	408	319	166	137	380
1. Direct Investment	6	6	5	6	6	5
2. Official Capital Grant	48	50	52	52	60	60
3. Net MLT Loans	-169	-179	-197	-295	-295	-199
a. Disbursements (1)	251	190	145	135	157	283
b. Repayments	420	369	342	430	453	482
4. Other LT Inflows (2)	501	531	459	402	367	514
H. Other LT Cap. Flows	45	104	-20	79	107	69
I. Change in Net Reserves	220	129	104	134	36	22
1. New Credit from the IMF	107	94	112	107	66	-15
2. Other Reserve Changes (- indicates increase)	113	35	-9	27	-30	37

(1) Excludes part of private capital flows included in Other LT Capital Flows (line H).

(2) Includes changes in arrears and, for the period 1980-86, debt reschedulings.

Source: World Bank and Dépt. du Plan.

TABLE 3

BALANCE OF PAYMENTS PROJECTIONS

(US dollar millions at Current Prices)

	Projections						
	1987	1988	1989	1990	1991	1992	1995
A. Exports of Goods & NFS	1893	2027	2189	2357	2561	2784	3507
1. Merchandise	1715	1831	1979	2137	2323	2525	3181
2. Non Factor Services	178	196	210	220	238	258	325
B. Imports of Goods & NFS	2169	2296	2424	2554	2711	2877	3440
1. Merchandise	1714	1827	1940	2054	2178	2308	2749
2. Non Factor Services	456	469	484	500	533	569	691
C. Resource Balance	-276	-269	-235	-197	-150	-93	67
D. Net Factor Income	-618	-642	-681	-702	-719	-768	-813
1. Factor Receipts	35	37	41	45	51	48	56
2. Factor Payments	653	679	722	747	770	816	869
o/w Interest	510	503	536	549	560	594	604
E. Net Current Transfers	130	138	146	143	140	155	176
(Private)	-68	-66	-64	-73	-83	-75	-75
(Public)	198	204	210	216	223	230	251
F. Current Account Balance	-765	-773	-770	-755	-729	-707	-571
G. Long Term Capital Inflow	89	-2	-102	30	-58	-108	-253
1. Direct Investment	5	15	25	32	38	44	63
2. Official Capital Grant	54	53	50	59	55	62	68
3. Net MLT Loans	49	-28	-152	-60	-151	-214	-384
a. Disbursements (1)	552	489	467	468	465	478	550
b. Repayments	503	517	619	528	616	699	949
4. Other LT Inflows (2)	-19	-43	-25	0	0	0	0
H. Other LT Cap. Flows	10	54	67	91	105	109	100
I. Change in Net Reserves	-53	-138	-171	-199	-143	-91	-25
1. New Credit from the IMF	29	-106	-146	-174	-118	-66	0
2. Other Reserve Changes	-82	-32	-25	-25	-25	-25	-25
(- indicates increase)							
Overall Balance	-719	-860	-976	-833	-826	-796	-748

(1) Excludes part of private capital flows included in Other LT Capital Flows (line H).

(2) Includes changes in arrears and, for the period 1980-86, debt reschedulings.

Source: World Bank and Dépt. du Plan.

TABLE 4ACTUAL DEBT SERVICE 1981-87

(US dollar millions)

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Principal payments	420	369	342	431	453	483	498
Interest payments	317	315	291	376	333	391	445
Total debt service	737	684	633	807	786	874	943
	—	—	—	—	—	—	—
Debt relief	(371)	(150)	(410)	(477)	(417)	(543)	(720)
Net debt service	366	534	223	330	369	331	222
	—	—	—	—	—	—	—
of which: multilateral	21	20	33	40	50	48	
bilateral	269	494	138	239	269	245	
private	76	20	52	51	50	38	
BOP Projections at mid '81							
Exports FOB	1914	2305	2636				
BOP Actual Out-turn	1772	1658	1786	2033	1978	2002	1893
Debt Service as a % of Exports	20.7	32.2	12.5	16.2	18.7	16.5	11.7
Debt Service as a % of Exports excluding multilaterals	19.5	31.0	10.6	14.3	16.1	14.1	

TABLE 5

PROJECTED DEBT SERVICE PAYMENTS

(US dollar millions)

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1995</u>
	<u>Current Contractual Payments</u>						
Interest payments	510	503	536	549	560	594	604
Principal payments	503	517	619	528	616	699	949
	<u>Proposed Debt Service Payment</u>						
Redemption Fund @ 2% of US\$ 5 billion (1)	100	100	100	100	100	100	100
Interest @ 4% of US\$ 5 billion	200	200	200	200	200	200	200
New debt service	300	300	300	300	300	300	300
Forecast Exports	1893	2027	2189	2357	2561	2784	3507
New debt service as % of exports	15.8	14.8	13.7	12.7	11.7	10.8	8.6

(1) Assumes payments on full amount to be issued, with no write-offs.

TABLE 6

Structure de la dette extérieure du Zaïre
au 31 décembre 1986

Taux de conversion du 31 décembre 1986

(US dollar millions)

<u>Structure de la dette</u>	<u>Encours</u>
I. <u>Créances dans le cadre du Club de Paris</u>	
A. Dette rééchelonnée	
Rééchelonnement 1975/76, 1977, 1979 à 1981	492,38
Court terme consolidé	
Rééchelonnement déc. 1983 (5ème)	1,583,58
Rééchelonnement mai 1985 (6ème)	434,68
Rééchelonnement mai 1987 (7ème)	390,32
B. Dette non encore rééchelonnée	
Prêts gouvernementaux	944,22
Crédits privés garantis	264,57
Mécanismes de paiement S.N.EL.	169,00
TOTAL PARTIEL	<u>4,278,83</u>
II <u>Créances hors Club de Paris et institutions multilatérales</u>	
A. Dette commerciale non garantie	83,06
B. Dette bancaire non garantie	86,15
C. Autres prêts gouvernementaux	67,02
D. Trust Banque Mondiale/Gécamines	78,28
E. Accord de Londres	349,14
TOTAL PARTIEL	<u>663,65</u>
TOTAL GENERAL	<u>4,942,48</u>
Institutions multilatérales	825,20
Rééchelonnement du Club de Paris 1987	720,00

REPUBLIC OF ZAIREDebt Refinancing Proposal: Interest Rate Options

In order to offer creditors the greatest flexibility in joining the debt refinancing exercise, several options concerning the interest rate have currently been devised. The object is to balance the need to meet specific creditor requirements with the necessity of preserving simplicity in the structure of the note issue itself.

I. Standard notes

It is anticipated that the bulk of notes issued under the programme, particularly those issued to Paris Club creditors, would be issued at par, with a fixed interest rate of 4% per annum, and redemption fund payment of 2% per annum dedicated to the amortisation of the principal at maturity.

II. Higher Coupon notes

It should be recognised that Zairean public obligations are currently available in secondary markets at discounts to face value of as much as 70 - 75% (ie. 25 - 30% of face amount), and that many commercial banks and other private creditors have provided heavily against their remaining Zairean outstandings. Such creditors might therefore be prepared to accept conversion of their debts at discounted levels, particularly if such notes carried more attractive running returns.

Higher coupon notes could therefore be offered to creditors, which would be issued in exchange for the cancellation or surrender of double their nominal value in outstanding debts to be converted (which implies an issue 'price' of 200% for the new notes provided). Such Higher Coupon notes would carry an annual interest rate of 8% with a Redemption Fund payment of 2% per annum.

III. Insured notes

Creditors who desire a higher annual interest payment, but who, for various reasons, may be unable to take notes at an implied discount would have the option of joining an umbrella insurance scheme whereby a single premium paid at issue by the creditor would provide for the principal repayment at maturity. In recognition of this, Zaire would devote the 2% redemption fund payment in respect of such notes to current interest, thus increasing the annual interest payment to 6%.

IV. Early Redemption ('Accelerated notes')

Under the options proposed for early redemption of the notes, creditors would be able to forego all payments of interest, allowing the 4% per annum standard interest payment to be contributed to the Redemption Fund in respect of such notes. The more rapid consequent build-up of the Redemption Fund should therefore allow for early retirement of such notes.

V. Summary

	<u>Interest Rate</u>	<u>Redemption Payment</u>	<u>Face value of old debt : Amount of new notes (*)</u>
Standard Notes	4%	2%	1 : 1
Higher Coupon Notes	8%	2%	2 : 1
Insured Notes	6%	-	1 : 1
Accelerated Notes	-	6%	1 : 1

(*) Proportion of face values, at issue.

REPUBLIC OF ZAIRERefinancing of External DebtSUMMARY OF TERMS

Borrower: The Republic of Zaire or an agency of state acting on its behalf.

Principal Amount: Up to US dollars [5,000] million.

Final Maturity: 20 years from the date of issue.

Currency: Special Drawing Rights (SDRs).

Interest Rate: 4 per cent. per annum, payable semi-annually in arrear on the Principal Amount (or such other amount of Notes which remain outstanding from time to time) until Final Maturity.

Redemption Fund: The Borrower will make an annual transfer of 2 per cent. of the Principal Amount of Notes outstanding into a Redemption Fund to be administered by the Trustee. The Redemption Fund will be used to repay the Principal Amount of Notes outstanding at Final Maturity.

Issue Price: 100 per cent., payable by surrender or cancellation of an equivalent face amount of foreign currency denominated obligations of the Republic of Zaire, to be negotiated with each person or agency subscribing to the issue.

Instrument: The issue will be comprised of fixed rate notes (the "Notes") denominated in SDRs.

Denomination and Transfer: The Notes will be in registered form in the denomination of SDRs [10,000] each, and will be freely transferable.

Taxation: All payments on the Notes will be made free and clear of any withholding or other tax whether in the Republic of Zaire or any other jurisdiction.

Trustee: [The African Development Bank/ International Bank for Reconstruction and Development].

Listing: Application will be made to list the Notes on the [] Stock Exchange(s).

Paying Agents: [The International Monetary Fund] for SDRs.

Status of the Notes: The Notes will be direct unsecured general obligations of the Republic of Zaire. The various types of notes issued (see Options) would rank equally amongst themselves.

Options

Higher Coupon Notes:

Subscribers to the Notes would have the option of receiving interest payments at the rate of 8 per cent. per annum in respect of Notes for which twice their nominal value in outstanding debts had been cancelled or surrendered. Redemption Fund payments of 2 per cent. per annum would be made in respect of all Higher Coupon Notes issued.

Insured Notes:

Holders may, at their own expense, insure their Notes. This insurance will be carried out under an umbrella policy negotiated on behalf of all creditors such that a premium payment by the obligation holders of approximately [20 per cent.] of the face value of the obligations would provide a guarantee of principal repayment at Final Maturity of the face value of the Notes so insured plus the premium payment.

Holders opting to join the insurance scheme would receive interest payments on their Notes at 6 per cent. per annum, but the Borrower would make no contribution to the Redemption Fund in respect of such Notes.

Early Redemption: Holders of Notes would have the options of:

- (i) Waiving their right to receive the annual 4 per cent. interest payment in respect of their Notes, such payments being made instead to the Redemption Fund. Early redemption of such Notes would then take place when sufficient build-up had occurred in the Redemption Fund to cover the amount of Notes so treated.
- (ii) Surrendering their Notes to the Banque du Zaire against payment, from the Redemption Fund, of that pro rata share of the Redemption Fund then applicable to the nominal amount of Notes to be tendered.

Equity Conversion: Holders of Notes will have the option of surrendering Notes to the Banque du Zaire in exchange for zaires for approved investment purposes. Rates of exchange and other conditions will vary and be subject to detailed guidelines.

JGC/car

AFRICAN DEVELOPMENT
BANK

S.G. WARBURG & CO.
LTD.

PROPOSAL

FOR REFINANCING THE EXTERNAL DEBT

OF THE

REPUBLIC OF ZAIRE

JULY 1987

Prop

AFRICAN DEVELOPMENT BANK

S.G. WARBURG & CO. LTD.

Proposal for Refinancing the External Debt

of the Republic of Zaïre

July 1987

PROPOSAL FOR REFINANCING THE EXTERNAL DEBT
OF THE REPUBLIC OF ZAIRE

1. Preamble

1.1 The African Development Bank has viewed with increasing concern the rapid development and spread of the debt crisis which besets an increasing number of its members. Conscious of the insupportable burden posed by the levels of debt service projected for many of the Bank's member states, and of the growing recognition that a comprehensive, long-term approach to restructuring external debt is necessary to improve the prospects for many of the most vulnerable economies, the Bank has resolved to launch an initiative to address the situation.

1.2 In the context of the especially acute liquidity crisis which confronts many African countries today, it is clear that any new approach to the external debt problem will need to satisfy the legitimate requirements of creditors, while at the same time:

- (i) matching the future profile of principal repayments as well as the level of interest charges to realistic projections of export earnings and public revenues over the coming years; and
- (ii) providing for future debt service payments to reduce the amount of principal outstanding, rather than continuing the perpetual build-up of debt stock, so as to establish the conditions for an eventual revival of investment flows.

1.3 After detailed consideration of the situations of many of the Bank's member countries, it has been concluded that the first phase of this initiative should address the external debt of one of the region's countries that has been most frequently rescheduled. The Republic of Zaire was considered to be an appropriate first case for a variety of reasons, most prominent amongst which include:

- (i) the magnitude of Zaire's burden of outstanding debt in the context of the depressed performance of the country's traditional export commodities and slow growth of GDP per capita;
- (ii) the history of Zaire's protracted and costly reschedulings of its external debt, which has swelled the country's outstanding obligations without contributing to the resumption of appreciable net inflows of new investment funds;
- (iii) President Mobutu's publicly expressed desire for a negotiated and comprehensive solution to Zaire's debt problem;
- (iv) the fact that Zaire has implemented successive programmes of budgetary and investment restraint with great determination with the support of the International Monetary Fund and the World Bank, at great cost to the levels of investment and social expenditure during these years.

1.4 It is clear that all groups of creditors must be fully involved in any new approach to the debt situation.

1.5 The role of the multilateral institutions will be especially important. Not only must they remain involved in providing support in matters of policy and planning, but they must maintain and indeed increase the level of their programmes of financial assistance to Zaire to assure a positive net flow of resources into the country. In consideration for this continued support, the multilateral institutions will not be asked to alter the terms and conditions of their existing loans in any way.

1.6 Member governments of the Paris Club will be asked to restructure their outstanding obligations to Zaire in an unprecedented way, but must maintain their involvement in Zaire's economic future through the annual Consultative Group meetings at which Zaire's economic progress is reviewed. These governments will be relied upon as well to continue their concessional assistance programmes over the coming years.

1.7 Banks and other private creditors will be requested to restructure their obligations in the same way. The proposal set out below includes a variety of optional features which would allow for the early retirement of some debts at a discount and which would facilitate the transfer of obligations, their realisation or conversion into equity in approved projects in Zaire.

1.8 It is in this context that the proposal set out below is submitted for the consideration of the Zairean authorities.

2. Background

2.1 The major part of Zaïre's medium- and long-term external debt originates from the years 1970-74 when copper prices were high and the economy was booming. In the ten years since 1977, Zaïre's debt has been rescheduled eight times. As shown in Table 1, at the beginning of this period the total of outstanding medium- and long-term external debt stood at some US\$ 2.5 billion. At 31st December 1986, this total had reached US\$ 5.8 billion. This increase of more than US\$ 3 billion took place during the ten years when Zaïre drew down new loans of only US\$ 1.5 billion⁽¹⁾. The remaining US\$ 1.5 billion, therefore, of the current total represents debt arising from the capitalisation of interest and late payment penalties.

2.2 During the ten years 1977-1986 Zaïre made debt service payments totalling some US\$ 2.5 billion - an amount equal to the total of the 1977 debt outstanding. A large part of the debt incurred in the early 1970s carried fixed interest rates in the region of 4 per cent. per annum. Successive reschedulings have converted this debt into obligations at progressively higher, and, in most cases, variable rates (now averaging over 8 per cent.).

.../5

(1) These figures need to be checked with the Zairean authorities.

2.3 The rescheduling of official debt service due to be paid between April 1987 and December 1988, which was agreed at the Paris Club in May 1987, calls for repayment over fifteen years with six years grace on principal payments. If the increased interest paid over the original contractual levels since 1977 had been contributed to a redemption fund from that time forward, the principal of the original US\$ 2.5 billion debt would have been entirely amortised by the end of the 15 years to 1992.

2.4 As with most developing nations, Zaïre's economy suffers from the strains of an unbalanced reliance upon primary commodities for its earnings. Falling commodity prices and sharply deteriorating terms of trade for Zaïrean exports have highlighted this vulnerability. Instead of devoting undivided attention to the urgent investment effort necessary to return the economy to stability, the energies of Zaïre's economic and financial authorities have been diverted in large measure to the complex, protracted and costly task of managing the stock of debt inherited from the 1970s.

2.5 The repeated reschedulings of all the external debt, except that owed to multilateral institutions, have been combined with stringent economic programmes which, in most of the recent years, have been accompanied by a shrinking in real terms of the investment available to promote growth in the interests of short-term stability. In 1986, for example, the investment budget had shrunk to some US\$ 395 million (some 6.4% of GDP), which is unconstructively small for an economy of the size of Zaire's. The very difficult economic conditions within the country have also persuaded several major foreign investors to dispose of their investments in Zaire.

2.6 The most recent forecast of the World Bank and IMF for foreign exchange revenues arising from the export of goods and services is shown in Table 3. Without a substantial surge in economic growth (which is not currently projected), it is clear that Zaïre's debt will have to be reprofiled in every single year up to 1992 and beyond. Contractual debt service over this period, including the service of previously rescheduled debt, amounts to a constant level of at least 50 per cent. of projected export earning flows. If the debt was to be rescheduled over this period in the same way as it has been in the last ten years, the total of outstanding debt would continue to climb over the coming years while practically no new borrowing, other than from multilateral sources, would have been drawn.

2.7 As shown in Table 4, over the last six years Zaïre has actually paid to its creditors, after taking account of the reschedulings, a relatively stable percentage of its export earnings. In 1987 contractual debt service was approximately US\$ 1 billion, which is equivalent to over 53 per cent. of forecast export earnings. Following the 1987 Paris Club agreement, the amount due during 1987 to all creditors except the multilateral institutions has been reduced to approximately US\$ 300 million, equivalent to 16 per cent. of forecast export earnings. As illustrated in the Table, over the last few years actual export earning out-turns have often differed substantially from projections, but have in fact been far more stable than the projections themselves. As shown in Table 2, export earnings of goods and services have ranged from a low of US\$ 1.7 billion to a high of US\$ 2.0 billion in the past decade. 1987 projections are approximately US\$ 1.9 billion.

2.8 On past performance, and considering the economy's prospects for growth and export earnings, it would be unrealistic for Zaïre to commit itself to debt service payments exceeding the actual level which the country has achieved in the recent past. Given the current contractual profile of Zaïre's debt (see Table 4), such a position would imply annual reschedulings of steadily expanding proportions, together with the commitment of very substantial sums of new capital from sources which cannot, at this juncture, be readily identified.

2.9 For these reasons, the African Development Bank and S.G. Warburg & Co. Ltd. have held extensive discussions with the authorities in Zaire to seek a way in which the ever-increasing burden of outstanding debt can be contained and rendered manageable. These discussions have led to the definition of three objectives which should form the basis for a new approach to the servicing of external debt and have resulted in the proposal described below.

3. Objectives

3.1 The purpose of the current proposal is to replace most of the existing debt with a unified and transferable debt instrument and to establish a realistic debt servicing level which does not exceed the amount of debt service which the country has actually been able to pay in recent years. The proposal does not require the write-off of any of the currently outstanding debt but rather the renegotiation of its terms so as to introduce a real expectation that interest payments can be met and the principal repaid at maturity. The proposal would provide a sound basis for economic planning and development. Appropriate performance criteria would continue to be agreed with the Zairean authorities and monitored by the multilateral institutions and by the other official creditors through the Consultative Group in order to attract the significant amounts of new capital investment which Zaire will need from these sources. The criteria would not, however, need to be monitored in a secondary process by individual creditors through a cycle of annual reschedulings.

3.2 The proposed structure provides several options, designed to meet the varying requirements of creditors. If some of these options are taken up by creditors, both exports from Zaire and direct investment in the economy will be increased. In the longer term, the conditions would be created whereby new medium- and long-term debt could be contracted to provide the essential finance for the rehabilitation and growth of the Zairean economy.

3.3 The objectives of the proposal, therefore, are:

- (i) to ensure that future debt service payments contribute to a reduction of the principal amount of debt outstanding;
- (ii) to fix the amount of annual debt service at the level which Zaire has been able to pay in recent years and which it is therefore reasonable to assume should remain a manageable amount on the assumption of level or rising export performance over the coming years; and
- (iii) to end the continuing cycle of rescheduling of existing debt, freeing the financial authorities to concentrate on the expansion and efficient administration of the economy.

4. The Proposal

4.1 The proposal sponsored by the African Development Bank will require the active support of all of Zaire's creditors. Bilateral agencies and governments who are members of the Paris Club, together with commercial banks and other unsecured private creditors, will be asked to accept new obligations in return for the surrender of outstanding debts.

4.2 Multilateral institutions, including the African Development Bank, would not be asked to alter the terms and conditions of outstanding debts owed to them by Zaire in any way. However, they would be expected to assure positive net inflows into Zaire by continuing their efforts to put in place new programmes which would permit increasing disbursements to Zaire over the period of the operation. These institutions would therefore remain available to support Zaire's economic and financial planning for many years to come.

4.3 This proposal envisages that as at, say, 1st January 1988, all of Zaire's outstanding external bilateral and private debt would be replaced by a unified issue of transferable obligations to creditors. The issue would have the characteristics set out below.

4.4 Eligible debts: all existing external official bilateral and commercial medium- and long-term debt outstanding will be cancelled or surrendered in exchange for the new obligations to be issued.

4.5 Term: the new obligations would have a twenty year life, with the principal amount payable at final maturity. This term reflects the most reasonable and prudent repayment period feasible, and corresponds to the longest rescheduling of official debt yet accorded by the Paris Club.

4.6 Currency: it is proposed that the issue will be denominated in SDRs, so as to expose creditors, who have outstandings in a variety of currencies, to the minimum exchange rate risk. An additional consideration in the choice of a single, neutral currency lies in the desirability of maximising the marketability of the security. Nevertheless, individual issues, on terms which would carry the same annual cost to Zaire, could be made in certain of the currencies of the original amounts outstanding if this proved essential to some creditors.

4.7 Amount: the issue will be for a maximum of US\$ 5.0 billion equivalent, representing the total amount of so-called Paris, London and 'Kinshasa Club' debts outstanding. The majority of securities issued under the programme are not, in the initial stages, likely to be actively traded, but most probably will be held by creditors or distributed over an extended period as the security for the notes builds with the accumulation of the redemption fund (see below). The conversion to security form should therefore not pose any of the market-absorption problems often associated with large issues of securities.

4.8 Interest rate: the issue will carry a fixed interest rate of 4 per cent. per annum, therefore absorbing a maximum of some US\$200 million. This level of current interest, taken together with the annual redemption fund payment (see below), represents broadly the level of transfer which Zaire has actually been able to make in recent years, after taking debt relief into account. Fixing debt service at this level therefore represents a conservative estimate of the country's future ability to pay. It should be noted as well that 4 per cent. is the average of the original interest rates on the debts which have subsequently been rescheduled at the Paris Club, and takes into consideration the widely recognised view that for those African countries with severe debt problems, future interest obligations must reflect the country's ability to pay.

4.9 Redemption fund: an annual transfer of 2 per cent. of the principal outstanding will be made into a redemption fund managed by a Trustee, preferably a multilateral institution such as the African Development Bank. Such a transfer would absorb a maximum of US\$ 100 million per annum. At an annual rate of build-up of some 8.5 per cent. per annum, such a payment should be sufficient to generate the full repayment amount after twenty years. Transfers to the redemption fund will be effected by means of an automatic deduction from the sale proceeds of certain exports from Zaire, such as copper and cobalt, in the way which has been used by arrangement with the Federal Reserve Bank of New York for Paris Club creditors.

4.10 Changed circumstances: in the event that the export earnings of Zaire are significantly higher than presently forecast, it will be provided that there will be an increase in the level of payments to the redemption fund and that the maturity of the obligations will be shortened accordingly. If, on the other hand, Zaire's economic situation should deteriorate further, such that it became impossible to continue to meet the service of the obligations as contracted, Zaire would have recourse, by agreement with the IMF, to extraordinary assistance such as the Compensatory Financing Facility and other similar facilities. The issue has been designed with prudent assumptions for export revenues over the medium term. Nevertheless, a payment interruption would leave creditors no worse off than at present, whilst the redemption fund provides a measure of real security which does not currently exist.

4.11 Listing and registration; in order to assist in the development of an orderly market in the securities, the notes would be listed on an international stock exchange. The securities would be in registered form so that the Trustee and Zaire will be able to monitor accurately the level of transactions in debts, and so that Zaire retains the knowledge of who its ultimate creditors are.

5. Effects of the proposal

5.1 The effects on the debt service payments due by Zaïre of this proposal are illustrated in Table 5. If the proposal is acceptable to those medium- and long-term creditors to whom it is made, the external debt of Zaire owed to such creditors would carry a debt service obligation which the country could afford, the debt would be repaid at the end of twenty years in full and any further need for the time-consuming annual reschedulings would be eliminated.

5.2 Certain of the options associated with the proposal (see pp.16-19 below) would also have the effect of reducing the total of the debt outstanding to the extent that they are taken up. It is also anticipated that a significant number of creditors will over time take up the debt for equity conversion option, which will have the effect of increasing foreign direct investment in the economy.

5.3 Although the proposal will not of itself generate any new funds for Zaire, it is clear that if the new debt service, agreed to by Zaire under such arrangements is consistently paid in the future, the conditions will be created under which new medium- and long-term external borrowings would be possible. The economic prospects of the country would also appear much less uncertain and inhospitable for new investments.

5.4 The multilateral institutions will be required not only to maintain a positive net inflow of funds into Zaire over the next twenty years but, at least initially, the funds required for new projects in the economy will have to be found from them and from official bilateral sources. While this places a heavy burden on the multilateral institutions, it also ensures that the cooperation with the Zairean authorities in the evaluation of economic and financial policy that those institutions have developed over the past decade will be continued. Adoption of the proposal would imply that although the necessity of annual meetings of creditors who are members of the Clubs of Paris, London or Kinshasa would be eliminated, the commitment of the multilateral institutions will by no means be reduced.

5.5 The structure of the proposal is intended to allow all categories of medium- and long-term creditors, other than multilateral institutions, to be treated on a comparable basis. Certain creditor governments have been reviewing the possibility of converting some of their rescheduled credits into grants for the benefit of the debtor countries. Clearly, to the extent that such conversions can take place in the case of Zaire, the total of debt service payments required will be reduced and the future prospects of the country will be that much improved. The proposal, however, does not assume that any such conversions will take place.

6. Optional features of the proposal

Various optional features could also be offered to creditors who agreed in principle to participate in the refinancing described above. Such options are described below. They would in each case be subject to detailed negotiation between the authorities in Zaire and the individual creditor wishing to take them up.

6.1 Transferability: holders will be free to negotiate the sale or transfer of the obligations to others, both inside and outside Zaire, subject to registration and listing requirements.

6.2 Equity conversion: subject to the regulations developed by the Zairean authorities, holders will have the option, for a limited period after their issue, of surrendering their obligations to the Banque du Zaïre in exchange for zaïres at a premium over the then ruling exchange rate. This premium would reflect any current differential between the official and parallel market rates of exchange. Thereafter, surrender will be permitted at a nominal premium. In each case it will be required that the zaïres paid to holders are invested for an approved purpose, in which case such investments will be regarded by the Zairean authorities as having been originally made in foreign exchange. Holders will thus have a debt to equity conversion option similar to that available in a number

of other countries. Detailed regulations for such conversions will be developed by the Zaïre authorities and may include incentives designed to encourage investment in specified sectors or regions. The total amount of such conversions will also be subject to certain overall limits.

6.3 Export funding: creditors would have the option of surrendering their obligations to the Banque du Zaïre in exchange for zaïres, at a preferential rate of exchange, and using such zaïres to purchase materials in Zaïre for export. The proceeds in foreign exchange of such exports could then be retained by such creditors. This option and its effect on the domestic money supply would be closely monitored by the Zairean authorities.

6.4 Early redemption ("reduced maturity notes"): some creditors may be less concerned with the level of running yield than the prospect of earlier retirement of principal amounts outstanding. Holders will therefore have the option on application to have their interest payments of 4 per cent. per annum converted into payments into the redemption fund of the same amount, yielding more rapid recovery by them of all their debt in return for forgoing interest payments. On the assumptions retained for build-up of the redemption fund (8.5 per cent. per annum), this would yield repayment after some eleven years.

Holders would also have the right at any time to surrender their obligations to the Banque du Zaïre against payment, from the redemption fund, of that pro rata share of the fund then applicable to the nominal amount of the holder's obligations.

6.5 Higher coupon notes: It should be recognised that Zairean public obligations are currently quoted in secondary markets at discounts to face value of as much as 70-75 per cent. (i.e. 25-30 per cent. of face amount), and that many commercial banks and other private creditors have made large general provisions against their holdings of sovereign debt. Such creditors might therefore be prepared to accept conversion of their debts at discounted levels, particularly if such notes carried more attractive running returns. If a higher annual return was particularly important for certain creditors, then higher coupon notes could be offered, but based upon a discounted valuation of the outstandings to be converted. This would be necessary in order not to exceed the overall amount of funds available for debt service and to preserve equality of treatment between creditors. Such notes could therefore be offered to creditors at perhaps 50 per cent. of the nominal value of their outstandings (implying an "issue price" therefore of 200 per cent. of the par value of the new notes) but carrying a higher annual coupon of 10 per cent. Redemption fund payments at 2 per cent. per annum would also be made in respect of such notes. As bank and commercial creditors are the most likely to have provided against the value of their debts, this option with its market rate of running return could have substantial attractions.

6.6 Principal recovery insurance ("insured notes"):

holders may, at their own expense, insure their obligations to render them more easily tradeable. This insurance could be carried out under an umbrella policy negotiated on behalf of all creditors with the principal insurance markets such that a single premium payment by the holders of approximately 25 per cent. of the face value of the obligations would provide a guarantee of principal repayment after twenty years. The final payout should be sufficient to cover both the face value of the obligation so insured plus the premium payment of 25 per cent. incurred. This will have the result of rendering the notes more valuable in the financial markets and more easily tradeable. The operation would be similar to the purchasing of a zero coupon bond whose value would increase sufficiently to amortise the principal at maturity. Holders opting to join this insurance scheme would receive interest on their obligations at the rate of 6 per cent. per annum. No contribution to the redemption fund would then be made in respect of such holdings.

6.7 Guarantees of interest by holders: in order to make the obligations more easily tradeable at prices close to par, certain holders may opt to place their own guarantees on the interest payable on obligations, and then to sell such obligations in the international capital markets. In circumstances where creditors have made substantial provisions against the debts concerned, the consequent realisation of principal which would accrue upon sale of the notes would have substantial attractions, while creditors would be left only with a contingent liability on the interest payments.

TABLE 1

ANNUAL DEVELOPMENT OF ZAIRE'S DEBT SERVICE

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
	US dollar millions												
Initial Service(1)	252	289	386	464	509	689	739(3)	755	577	638	836	747	820
Contractual Service plus arrears	252	390	497	622	991	941	772	926	2036	638	836	747	-
Rescheduled Service	-	191	225	-	571(2)	600	371	-	1385	-	418	345	-
New contractual service	252	199	272	622	420	341	401	926	651	638	418	402	820
Service effected	151	88	114	140	168	308	230	115	221	327	380	366	-
Total of arrears at end of year	101	111	158	482	252	33	171	811	963	-	-	-	-
Outstanding amounts													
Amounts drawn	(514)	(	(	(1718)	(	(	(4330)	(4447)	(((((
Undrawn commitments	(170)	(N.A.)	(2474)	(	(3336)	(4089)	(	(	(3873)	(4388.46)	(4960)	(5775.44)	(-
		(	(	(1198)	(	(	( 660)	(510)	(	(	(	( 578.94)	(

Source: OGEDEP

(1) Service due before rescheduling in a given year but including the service on preceding rescheduling.

(2) Not including the consolidation of US\$ 171 million of short-term credit.

(3) Including an estimate of service due on the last Paris Club rescheduling covering maturities falling due from 1st April 1987 to 31st December 1988.

TABLE 2

HISTORICAL BALANCE OF PAYMENTS

(US dollar millions at Current Prices)

	Actual					
	1981	1982	1983	1984	1985	1986
A. Exports of Goods & NFS	1772	1658	1786	2033	1978	2002
1. Merchandise	1678	1601	1686	1918	1852	1846
2. Non Factor Services	94	57	100	115	126	156
B. Imports of Goods & NFS	2149	1905	1903	1870	1772	1975
1. Merchandise	1691	1545	1444	1399	1413	1550
2. Non Factor Services	458	360	459	470	359	425
C. Resource Balance	-377	-247	-117	163	206	27
D. Net Factor Income	-471	-496	-409	-571	-569	-575
1. Factor Receipts	57	26	15	27	27	33
2. Factor Payments	528	522	424	598	596	608
o/w Interest	329	341	336	425	390	457
E. Net Current Transfers	196	101	124	31	84	78
(Private)	-4	-9	3	-91	-55	-62
(Public)	200	110	121	122	139	140
F. Current Account Balance	-652	-642	-401	-377	-279	-470
G. Long Term Capital Inflow	386	408	319	166	137	380
1. Direct Investment	6	6	5	6	6	5
2. Official Capital Grant	48	50	52	52	60	60
3. Net MLT Loans	-169	-179	-197	-295	-295	-199
a. Disbursements (1)	251	190	145	135	157	283
b. Repayments	420	369	342	430	453	482
4. Other LT Inflows (2)	501	531	459	402	367	514
H. Other LT Cap. Flows	45	104	-20	79	107	69
I. Change in Net Reserves	220	129	104	134	36	22
1. New Credit from the IMF	107	94	112	107	66	-15
2. Other Reserve Changes	113	35	-9	27	-30	37
(- indicates increase)						

(1) Excludes part of private capital flows included in Other LT Capital Flows (line H).

(2) Includes changes in arrears and, for the period 1980-86, debt reschedulings.

Source: World Bank and Dépt. du Plan.

TABLE 3

BALANCE OF PAYMENTS PROJECTIONS

(US dollar millions at Current Prices)

	Projections						
	1987	1988	1989	1990	1991	1992	1995
A. Exports of Goods & NFS	1893	2027	2189	2357	2561	2784	3507
1. Merchandise	1715	1831	1979	2137	2323	2525	3181
2. Non Factor Services	178	196	210	220	238	258	325
B. Imports of Goods & NFS	2169	2296	2424	2554	2711	2877	3440
1. Merchandise	1714	1827	1940	2054	2178	2308	2749
2. Non Factor Services	456	469	484	500	533	569	691
C. Resource Balance	-276	-269	-235	-197	-150	-93	67
D. Net Factor Income	-618	-642	-681	-702	-719	-768	-813
1. Factor Receipts	35	37	41	45	51	48	56
2. Factor Payments	653	679	722	747	770	816	869
o/w Interest	510	503	536	549	560	594	604
E. Net Current Transfers	130	138	146	143	140	155	176
(Private)	-68	-66	-64	-73	-83	-75	-75
(Public)	198	204	210	216	223	230	251
F. Current Account Balance	-765	-773	-770	-755	-729	-707	-571
G. Long Term Capital Inflow	89	-2	-102	30	-58	-108	-253
1. Direct Investment	5	15	25	32	38	44	63
2. Official Capital Grant	54	53	50	59	55	62	68
3. Net MLT Loans	49	-28	-152	-60	-151	-214	-384
a. Disbursements (1)	552	489	467	468	465	478	550
b. Repayments	503	517	619	528	616	699	949
4. Other LT Inflows (2)	-19	-43	-25	0	0	0	0
H. Other LT Cap. Flows	10	54	67	91	105	109	100
I. Change in Net Reserves	-53	-138	-171	-199	-143	-91	-25
1. New Credit from the IMF	29	-106	-146	-174	-118	-66	0
2. Other Reserve Changes	-82	-32	-25	-25	-25	-25	-25
(- indicates increase)							
Overall Balance	-719	-860	-976	-833	-826	-796	-748

(1) Excludes part of private capital flows included in Other LT Capital Flows (line H).

(2) Includes changes in arrears and, for the period 1980-86, debt reschedulings.

Source: World Bank and Dépt. du Plan.

TABLE 4

ACTUAL DEBT SERVICE 1981-87

(US dollar millions)

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Principal payments	420	369	342	431	453	483	498
Interest payments	317	315	291	376	333	391	445
Total debt service	<u>737</u>	<u>684</u>	<u>633</u>	<u>807</u>	<u>786</u>	<u>874</u>	<u>943</u>
Debt relief	(371)	(150)	(410)	(477)	(417)	(543)	(720)
Net debt service	<u>366</u>	<u>534</u>	<u>223</u>	<u>330</u>	<u>369</u>	<u>331</u>	<u>222</u>
of which: multilateral	21	20	33	40	50	48	
bilateral	269	494	138	239	269	245	
private	76	20	52	51	50	38	
BOP Projections at mid '81							
Exports FOB	1914	2305	2636				
BOP Actual Out-turn	1772	1658	1786	2033	1978	2002	1893
Debt Service as a % of Exports	20.7	32.2	12.5	16.2	18.7	16.5	11.7
Debt Service as a % of Exports excluding multilaterals	19.5	31.0	10.6	14.3	16.1	14.1	

TABLE 5

PROJECTED DEBT SERVICE PAYMENTS

(US dollar millions)

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1995</u>
	<u>Current Contractual Payments</u>						
Interest payments	510	503	536	549	560	594	604
Principal payments	503	517	619	528	616	699	949
	<u>Proposed Debt Service Payment</u>						
Redemption Fund @ 2% of US\$ 5 billion (1)	100	100	100	100	100	100	100
Interest @ 4% of US\$ 5 billion	200	200	200	200	200	200	200
New debt service	300	300	300	300	300	300	300
Forecast Exports	1893	2027	2189	2357	2561	2784	3507
New debt service as % of exports	15.8	14.8	13.7	12.7	11.7	10.8	8.6

(1) Assumes payments on full amount to be issued, with no write-offs.

TABLE 6

STRUCTURE OF ZAIRE'S EXTERNAL DEBT
AT 31ST DECEMBER, 1986 (1)

<u>I. Paris Club debt</u>		(US dollar millions)
A. Rescheduled debt		
Rescheduling 1975/76, 1977, 1979 to 1981		492.38
Consolidated short-term		
Rescheduling Dec. 1983 (5th)		1,583.58
Rescheduling May 1985 (6th)		434.68
Rescheduling May 1987 (7th)		390.32
B. Debt yet to be rescheduled		
Government Loans		944.22
Guaranteed private credit		264.57
Payment mechanisms S.N.EL.		
Partial Total		<u>4,278.83</u>
 <u>II Non-Paris Club and non-multilateral debt</u>		
A. Non-guaranteed commercial debt (inc. Kinshasa Club)		83.06
B. Non-guaranteed bank debt		86.15
C. Other government loans		67.02
D. Trust: World Bank/Gécamines		78.28
E. London Club		349.14
Partial Total		<u>663.65</u>
 TOTAL		 <u>4,942.48</u>
 Multilateral institutions		 <u>825.20</u>
 Rescheduling in the Paris Club 1987		 <u>720.00</u>

(1) Exchange rates as at 31st December, 1986

REPUBLIC OF ZAIREDebt refinancing proposal: interest rate variants

In order to offer creditors the greatest flexibility in joining the debt refinancing exercise, several options concerning the interest rate have currently been devised. The object is to balance the need to meet specific creditor requirements with the necessity of preserving simplicity in the structure of the note issue itself.

I. Standard notes

It is anticipated that the bulk of notes issued under the programme, particularly those issued to Paris Club creditors, would be issued at par, with a fixed interest rate of 4 per cent. per annum, and redemption fund payment of 2 per cent. per annum dedicated to the amortisation of the principal at maturity.

II. Higher coupon notes

It should be recognised that Zairean public obligations are currently available in secondary markets at discounts to face value of as much as 70-75 per cent. (ie. 25-30 per cent. of face amount), and that many commercial banks and other private creditors have provided heavily against their remaining Zairean outstandings. Such creditors might therefore be prepared to accept conversion of their debts at discounted levels, particularly if such notes carried more attractive running returns.

Higher coupon notes could therefore be offered to creditors, which would be issued in exchange for the cancellation or surrender of double their nominal value in outstanding debts to be converted (which implies an issue "price" of 200 per cent. for the new notes provided). Such Higher Coupon notes would carry an annual interest rate of 10 per cent. with a Redemption Fund payment of 2 per cent. per annum.

III. Insured notes

Creditors who desire a higher annual interest payment, but who, for various reasons, may be unable to take notes at an implied discount would have the option of joining an umbrella insurance scheme whereby a single premium paid at issue by the creditor would provide for the principal repayment at maturity. In recognition of this, Zaire would devote the 2 per cent. redemption fund payment in respect of such notes to current interest, thus increasing the annual interest payment to 6 per cent.

IV. Reduced maturity notes

Under the options proposed for early redemption of the notes, creditors would be able to forego all payments of interest, allowing the 4 per cent. per annum standard interest payment to be contributed to the Redemption Fund in respect of such notes. The more rapid consequent build-up of the Redemption Fund should therefore allow for early retirement of such notes.

V. Summary

	<u>Interest Rate</u>	<u>Redemption Payment</u>	<u>Face value of old debt : Amount of new notes (*)</u>
Standard notes	4%	2%	1 : 1
Higher coupon notes	10%	2%	2 : 1
Insured notes	6%	-	1 : 1
Reduced maturity notes	-	6%	1 : 1

(*) Proportion of face values, at issue.

REPUBLIC OF ZAIRE

Refinancing of external debt

SUMMARY OF TERMS

Borrower: The Republic of Zaire or an agency of state acting on its behalf.

Principal Amount: Up to US dollars 5,000 million.

Final Maturity: 20 years from the date of issue.

Currency: Special Drawing Rights (SDRs).

Interest Rate: 4 per cent. per annum, payable semi-annually in arrear on the Principal Amount (or such other amount of Notes which remain outstanding from time to time) until Final Maturity.

Redemption Fund: The Borrower will make an annual transfer of 2 per cent. of the Principal Amount of Notes outstanding into a Redemption Fund to be administered by the Trustee. The Redemption Fund will be used to repay the Principal Amount of Notes outstanding at Final Maturity.

Issue Price: 100 per cent., payable by surrender or cancellation of an equivalent face amount of foreign currency denominated obligations of the Republic of Zaire, to be negotiated with each person or agency subscribing to the issue.

Instrument: The issue will be comprised of fixed rate notes (the "Notes") denominated in SDRs.

Denomination and Transfer: The Notes will be in registered form in the denomination of SDRs [10,000] each, and will be freely transferable.

Taxation: All payments on the Notes will be made free and clear of any withholding or other tax whether in the Republic of Zaire or any other jurisdiction.

Trustee: The African Development Bank.

Listing: Application will be made to list the Notes on the [] Stock Exchange(s).

Paying Agents: The African Development Bank.

Status of the Notes: The Notes will be direct and general obligations of the Republic of Zaire. The various types of notes issued (see Options) would rank equally amongst themselves.

Options

Higher Coupon Notes: Subscribers to the Notes will have the option of receiving interest payments at the rate of 10 per cent. per annum in respect of Notes for which twice their nominal value in outstanding debts had been cancelled or surrendered. Redemption Fund payments of 2 per cent. per annum would be made in respect of all Higher Coupon Notes issued.

Insured Notes: Holders may, at their own expense, insure their Notes. This insurance will be carried out under an umbrella policy negotiated on behalf of all creditors such that a premium payment by the obligation holders of approximately 25 per cent. of the face value of the obligations would provide a guarantee of the face value of the Notes so insured plus the premium payment.

Holders opting to join the insurance scheme will receive interest payments on their Notes at 6 per cent. per annum, but the Borrower would make no contribution to the Redemption Fund in respect of such Notes.

- Reduced Maturity: Holders of Notes would have the options of:
- (i) Waiving their right to receive the annual 4 per cent. interest payment in respect of their Notes, such payments being made instead to the Redemption Fund. Early redemption of such Notes would then take place when sufficient build-up had occurred in the Redemption Fund to cover the amount of Notes so treated.
 - (ii) Surrendering their Notes to the Banque du Zaïre against payment, from the Redemption Fund, of that pro rata share of the Redemption Fund then applicable to the nominal amount of Notes to be tendered.

Equity Conversion: Holders of Notes will have the option of surrendering Notes to the Banque du Zaïre in exchange for zaïres for approved investment purposes. Rates of exchange and other conditions will vary and be subject to detailed guidelines.

BANQUE AFRICAINE DE
DEVELOPPEMENT

S.G. WARBURG & CO.
LTD.

PROPOSITION

POUR LE REFINANCEMENT
DE LA DETTE EXTERIEURE

DE LA

REPUBLIQUE DU ZAIRE

JUILLET 1987

BANQUE AFRICAINE DE DEVELOPPEMENT

S.G. WARBURG & CO. LTD.

Proposition pour le Refinancement de la Dette Extérieure

de la République du Zaïre

juillet 1987

PROPOSITION POUR LE REFINANCEMENT DE LA DETTE EXTERIEURE
DE LA REPUBLIQUE DU ZAIRE

1. Préambule

1.1 La Banque Africaine de Développement suit avec une préoccupation grandissante le développement rapide et étendu de la crise de la dette qui touche un nombre croissant de ses membres. La Banque a pris acte du fardeau insupportable posé par les niveaux qu'ont atteint les services de la dette de nombre de ses membres et de la prise de conscience généralisée qu'une approche globale à long terme du rééchelonnement de la dette extérieure est nécessaire pour améliorer les perspectives de la plupart des économies les plus vulnérables. La Banque a donc décidé de lancer une initiative pour s'attaquer à ce problème.

1.2 Dans le contexte de la crise de liquidité aiguë qui affecte de nombreux pays africains aujourd'hui, il est clair que toute nouvelle approche du problème de la dette extérieure devra satisfaire les exigences légitimes des créanciers et en même temps :

- (i) faire coïncider le profil futur des remboursements de principal et le niveau des charges d'intérêt avec les prévisions réalistes de recettes d'exportations et de revenus budgétaires sur les années à venir ; et

- (ii) faire en sorte que les paiements au titre du service de la dette diminuent le montant du principal restant à amortir plutôt que de continuer l'accumulation d'une dette perpétuelle et cela afin de créer les conditions d'une possible réanimation des flux d'investissement.

1.3 Après examen des situations particulières de nombreux Etats membres, il a été conclu que l'initiative considérée ici doit s'appliquer en priorité à la dette extérieure des pays de la région qui ont connu le plus grand nombre de rééchelonnements. Il a semblé approprié de retenir la République du Zaïre comme premier candidat et cela pour un grand nombre de raisons, dont les principales sont les suivantes :

- (i) l'importance du fardeau de la dette dans un contexte de dépression des cours et de la demande pour les produits de base traditionnellement exportés par le Zaïre et de ralentissement de la croissance de la PIB par habitant ;
- (ii) la série de rééchelonnements coûteux et difficiles de la dette extérieure qui ont abouti à gonfler les engagements extérieurs de la nation sans contribuer au redémarrage d'un flux d'investissement net appréciable ;
- (iii) le souhait exprimé publiquement par le Président Mobutu d'une solution négociée et globale au problème de la dette du Zaïre ;

(iv) le fait que le Zaïre a exécuté des programmes successifs de restrictions budgétaires et d'investissement avec grande détermination avec le soutien du Fonds Monétaire International et de la Banque Mondiale aux dépens des niveaux d'investissement et des dépenses sociales durant ces mêmes années.

1.4 Il est clair que tous les groupes de créanciers doivent être totalement partie prenante de toute nouvelle approche du problème de la dette.

1.5 Le rôle des institutions multilatérales sera tout particulièrement important. Celles-ci devront en effet non seulement continuer à prêter leur assistance en matière de politique et de planification mais elles devront accroître le niveau de leur programme d'assistance financière au Zaïre afin d'assurer un flux net positif de ressources vers le pays. En conséquence du maintien de cette assistance, les institutions multilatérales auront la possibilité de ne modifier en rien les termes et conditions de leurs prêts existants.

1.6 Les états membres du Club de Paris se verront offrir de restructurer leurs obligations à l'égard du Zaïre d'une manière sans précédent, mais devront conserver leur rôle joué dans l'avenir économique du Zaïre au travers des réunions annuelles du Groupe Consultatif où les progrès économiques du Zaïre sont passés en revue. Ces états seront de plus priés de prolonger leur programme d'assistance privilégiée au cours des années à venir.

1.7 Les banques et autres créanciers privés se verront proposer de restructurer leurs obligations de la même manière. La proposition décrite ci-dessus comprend une série de mesures optionnelles permettant l'amortissement anticipé de certaines dettes au-dessous du pair et favorisant le transfert des obligations, leur réalisation ou leur conversion en capital pour la réalisation de projets approuvés au Zaïre.

1.8 C'est dans ce contexte que la proposition ci-dessus est soumise à l'approbation des autorités zaïroises.

2. Antécédents

2.1 La majeure partie de la dette extérieure à moyen et long terme du Zaïre date des années 1970-1974 où les prix du cuivre étaient élevés et l'économie était en pleine croissance. Au cours des dix années écoulées depuis 1977, la dette du Zaïre a été rééchelonnée huit fois. Comme illustré par le Tableau 1, au début de cette période l'encours de la dette extérieure à moyen et long terme était d'environ 2,5 milliards de dollars US. Au 31 décembre 1986, cette somme avait atteint 5,8 milliards de dollars US. Cette augmentation de plus de 3 milliards de dollars US est contemporaine de dix années où le Zaïre n'accrut son encours de nouveaux prêts que de 1,5 milliards de dollars US. Les 1,5 milliards de dollars US restant représentent donc la portion de la dette résultant de la capitalisation des intérêts et des pénalités de retard.

.../5

(1) Ces chiffres sont à confirmer auprès des autorités zaïroises.

2.2 Au cours des dix années écoulées de 1977 à 1986, le Zaïre a effectué des paiements au titre du service de la dette de plus de 2,5 milliards de dollars US - lequel montant représente l'intégralité de l'encours à la fin de 1977. Une portion importante de la dette contractée au début des années 1970 était à taux d'intérêt fixe de l'ordre de 4 pour cent par an. Les rééchelonnements successifs ont transformé cette dette en obligations sur lesquelles les taux d'intérêt payables, la plupart du temps variables, sont de plus en plus élevés (qui atteignent maintenant plus de 8 pour cent par an en moyenne).

2.3 Le rééchelonnement du service de la dette officielle payable entre avril 1987 et décembre 1988, qui a été décidé lors de la réunion du Club de Paris en mai 1987, stipule le repaiement du principal sur quinze ans avec six ans de grâce. Si l'intérêt supplémentaire payé sur l'encours de 1977 avait été payé à un fonds d'amortissement à compter de cette date, le principal d'origine de 2,5 milliards de dollars US aurait été entièrement remboursé à la fin des quinze années prenant fin en 1992.

2.4 Comme c'est le cas pour la plupart des pays en voie de développement, l'économie du Zaïre souffre des aléas des prix des matières premières et de leurs répercussions sur les rentrées en devises du pays. La chute des prix de matières premières et la détérioration rapide des termes de l'échange des exports zaïrois ont souligné cette vulnérabilité. Au lieu de concentrer leur

attention sur les efforts d'investissement urgents nécessaires au redressement de la situation économique, les autorités économiques et financières du Zaïre se sont vues contraintes de faire face au problème complexe de gestion de l'encours de la dette hérité des années 1970 avec les conséquences en termes de temps et de coût que ceci implique.

2.5 Les rééchelonnements répétés de l'intégralité de la dette extérieure, à l'exception de la portion due aux institutions multilatérales, ont été accompagnés de programmes économiques rigoureux qui, au cours des dernières années, ont vu une réduction en termes réels des montants d'investissement disponibles pour promouvoir la croissance dans l'intérêt de la stabilité à court terme. Ainsi en 1986 le budget d'investissement a été ramené à un niveau de 395 millions de dollars US (soit quelque 6,4 pour cent du Produit Intérieur Brut), montant particulièrement contraignant pour une économie de la taille de celle du Zaïre. Les conditions économiques particulièrement difficiles à l'intérieur du pays ont amené plusieurs investisseurs étrangers importants à liquider leurs investissements à l'intérieur du pays.

2.6 Les estimations les plus récentes de la Banque Mondiale et du FMI relatives aux revenus en devises résultant des exportations de biens et services sont présentées dans le Tableau 3. En l'absence d'une montée en flèche de la croissance économique du pays (qui n'est pas actuellement prévue), il semble clair que la dette du Zaïre devra être réaménagée pour chacune

des années d'ici à 1992 et au-delà. Le service de la dette contractuel sur cette période, y compris le service au titre de la dette rééchelonnée antérieurement, s'élève constamment à plus de 50 pour cent des recettes prévues d'exportation. Si la dette devait être rééchelonnée au cours de cette période de la même manière qu'elle l'a été au cours des dix dernières années, le total de l'encours continuerait de croître au cours des années à venir alors qu'aucune forme d'endettement nouveau autre que provenant de sources multilatérales n'aurait été négociée.

2.7 Comme présenté au Tableau 4, le Zaïre a, au cours des six dernières années, payé à ses créanciers un pourcentage relativement stable de ses recettes d'exportation, après prise en compte des rééchelonnements. En 1987, le service de la dette contractuelle s'est élevé à environ 1 milliard de dollars US, ce qui représente plus de 53 pour cent des recettes d'exportation. Par suite de l'accord du Club de Paris de 1987, les montants dûs au titre de cette même année à tous les créanciers à l'exception des institutions multilatérales ont été réduits à environ 300 millions de dollars US, somme qui représente 16 pour cent. des recettes d'exportation anticipées. Comme illustré dans le Tableau, au cours des dernières années les recettes d'exportation effectives ont été sensiblement différentes des prévisions tout en restant beaucoup plus stables que ces dernières. Comme le Tableau 2 l'indique, les recettes d'exportation de biens et de services se sont étagées d'un niveau le plus bas de 1,7 milliards de dollars US à un niveau le plus élevé de 2,0 milliards de dollars US pendant la dernière décennie. Les prévisions pour 1987 sont approximativement de 1,9 milliards de dollars US.

2.8 En vue des résultats passés, et considérant les perspectives de croissance et de recettes d'exportation de l'économie, il serait irréaliste pour le Zaïre de s'engager à des paiements de service de dette qui excèdent le niveau que le pays a été capable de maintenir dans un passé récent. Etant donné le profil de la dette contractuelle du Zaïre aujourd'hui (voir Tableau 4), il conviendra de considérer des rééchelonnements annuels en proportions grandissantes chaque fois ainsi que l'engagement de montants très importants de nouveau capital provenant de sources qu'il est difficile à présent d'identifier.

2.9 Pour ces raisons, la Banque Africaine de Développement et S.G. Warburg & Co. Ltd. ont eu des discussions approfondies avec les autorités du Zaïre afin de trouver une formule qui permette de contenir et de rendre gérable le fardeau grandissant de la dette existante. Ces entretiens ont conduit à la définition de trois objectifs qui devraient former la base d'une nouvelle approche du service de la dette extérieure et font l'objet de la proposition décrite ci-après.

3. Les objectifs

3.1 Cette proposition vise à remplacer la majeure partie de la dette existante par un instrument de dette unifié et transférable et d'établir un niveau de service de dette réaliste qui n'excède pas le montant du service de dette que le pays a été capable effectivement de payer au cours des années récentes.

Cette proposition ne requiert l'annulation d'aucune des dettes existantes aujourd'hui mais plutôt la renégociation de leurs termes afin de restaurer la confiance que les paiements d'intérêt seront satisfaits et que le principal sera remboursé à maturité. Cette proposition devrait créer une base solide pour la planification et le développement économique. Les critères appropriés de performance continueront d'être convenus avec les autorités zaïroises et contrôlés par les institutions multilatérales et par les autres créanciers officiels à travers le Groupe Consultatif afin d'attirer les importants montants d'investissement en nouveau capital dont le Zaïre a besoin auprès de ces sources. Ces critères ne devraient pas cependant avoir besoin d'être contrôlés à un niveau secondaire par des créanciers individuels au travers d'un cycle de rééchelonnements annuels.

3.2 La structure proposée comporte plusieurs options destinées à satisfaire les exigences diverses des créanciers. Si certaines de ces options sont adoptées par les créanciers, à la fois les exportations du Zaïre et l'investissement direct dans l'économie seront augmentés. Sur le plus long terme, les conditions mises en place devraient permettre que la dette à moyen et long terme qui pourra être contractée apporte le financement essentiel au renouveau et à la croissance de l'économie zaïroise.

3.3 Les objectifs de cette proposition sont donc :

- (i) d'assurer que les paiements du service de la dette futurs contribuent à réduire le montant de l'encours actuel ;
- (ii) de fixer le montant annuel du service de la dette à un niveau auquel le Zaïre a été capable de faire face au cours des dernières années et qu'il est donc réaliste de considérer comme un niveau acceptable sous hypothèse de recettes d'exportations inchangées ou croissantes au cours des années à venir ; et
- (iii) de mettre un terme au cycle continu de rééchelonnements de la dette existante, donnant ainsi aux autorités financières la possibilité de se consacrer totalement à l'expansion et la gestion efficace de l'économie.

4. La proposition

4.1 La proposition patronnée par la Banque Africaine de Développement exigera le soutien actif de tous les créanciers du Zaïre. Les agences bilatérales et les gouvernements qui sont membres du Club de Paris ainsi que les banques commerciales et autres créanciers privés non garantis seront priés d'accepter de nouvelles obligations en échange des créances existantes.

4.2 Les institutions multilatérales, y compris la Banque Africaine de Développement, ne se verront pas de demander la modification des termes et conditions des créances existantes qui leur sont dûes par le Zaïre de quelque manière que ce soit. Néanmoins il sera attendu d'elles qu'elles maintiennent au moins le niveau net de leurs encours et qu'elles essaient de mettre en place de nouveaux programmes qui permettraient des tirages croissants en faveur du Zaïre sur la période de l'opération. Ces institutions maintiendraient donc leur soutien au Zaïre dans les domaines de la planification économique et financière dans les années à venir.

4.3 Cette proposition prévoit qu'à partir du 1er janvier 1988, par exemple, la totalité de l'encours de la dette extérieure bilatérale et privée du Zaïre soit remplacée par l'émission unique d'obligations transférables auprès des créanciers. L'émission comporterait les caractéristiques suivantes.

4.4 Dettes éligibles : la totalité de l'encours de la dette extérieure à moyen et long terme à la fois bilatérale et commerciale sera annulée ou restituée en échange des nouvelles obligations qui seront émises.

4.5 Durée de vie : les nouvelles obligations auront une durée de vie de vingt ans et un remboursement du principal à la maturité finale. Ces termes permettent une période de repaiement la plus raisonnable et prudente qui soit possible et correspondent au rééchelonnement le plus long jamais accordé par le Club de Paris sur la dette officielle.

4.6 Devise d'émission : il est proposé que l'émission soit libellée en DTS afin de limiter l'exposition au risque de change des créanciers qui détiennent des montants d'encours dans des monnaies diverses. Un autre élément qui entre en compte dans le choix d'une monnaie unique et neutre réside dans la plus grande facilité de développer un marché secondaire pour ces obligations. Néanmoins, il n'est pas exclu que des émissions séparées puissent être faites aux mêmes conditions mais libellées dans les monnaies des créances existantes, si cela s'avère essentiel pour certains créanciers.

4.7 Montant : l'émission portera sur un maximum de 5 milliards de dollars U.S. équivalent représentant le montant total de l'encours des dettes des Clubs de Paris, Londres et Kinshasa. La majeure partie des titres émis ne devrait pas, au moins initialement, faire l'objet d'un marché actif ; il est probable qu'ils seront conservés par les créanciers ou distribués sur une période plus longue, à mesure que la confiance dans ces titres se développe avec la constitution du fonds d'amortissement (voir ci-dessous). La conversion de la dette en une valeur mobilière ne devrait donc pas poser les problèmes d'absorption par le marché souvent rencontrés dans les émissions de grande taille.

4.8 Taux d'intérêt : l'émission sera effectuée à un taux d'intérêt fixe de 4 pour cent par an, représentant un montant maximum de 200 millions de dollars US. Ce niveau de taux d'intérêt, ajouté aux paiements annuels au fonds d'amortissement (voir ci-dessous), correspond en gros au niveau des versements que le Zaïre a été effectivement en mesure de faire au cours des années récentes, et cela après avoir pris en compte les concessions faites sur la dette. Fixer le service de la dette à ce niveau correspond donc à une estimation conservatrice de la capacité future de remboursement du pays. Il convient de noter également que le taux de 4 pour cent est la moyenne des taux d'intérêt initiaux sur les dettes qui ont été ensuite rééchelonnées et reconnaît l'argument largement accepté que pour les pays africains faisant face à des problèmes de dette sévères, les obligations relatives aux intérêts futurs doivent refléter la capacité de remboursement du pays.

4.9 Fonds d'amortissement : un versement annuel portant sur 2 pour cent de l'encours sera effectué à un fonds d'amortissement géré par un Trustee, de préférence une institution multilatérale comme la Banque Africaine de Développement. Un tel transfert porterait sur un maximum de 100 millions de dollars US par an. A un taux annuel d'accumulation de près de 8,5 pour cent par an, ce versement serait suffisant pour générer le remboursement total du principal après vingt ans. Les versements au fonds d'amortissement seront effectués par une déduction automatique des recettes de certaines exportations du Zaïre comme celles du cuivre et du cobalt. La formule serait similaire à celle qui a été déjà utilisée avec la Banque de Réserve Fédérale de New York vis-à-vis des créanciers du Club de Paris.

4.10 Changement dans l'environnement : au cas où les recettes d'exportation du Zaïre seraient plus élevées que celles qui auraient été prévues initialement, il sera procédé à une augmentation des niveaux de paiement vers le fonds d'amortissement et une réduction de la maturité des obligations. Si par contre, la situation économique du Zaïre venait à se détériorer de telle sorte qu'il deviendrait impossible de continuer à faire face au service des obligations ainsi contracté, le Zaïre aurait recours, avec le concours du FMI, à une assistance extraordinaire telle que celle de la facilité de financement compensatoire ou d'autres facilités semblables. L'émission a été mise en place sur les hypothèses conservatrices relatives aux revenus d'exportations sur le moyen terme. Néanmoins, la position future des créanciers en cas d'une interruption éventuelle de paiements ne serait pas pire que celle qu'ils connaissent actuellement alors que le fonds d'amortissement offre une sécurité réelle qui elle n'existe pas aujourd'hui.

4.11 Cotation et enregistrements : afin de contribuer au développement d'un marché ordonné dans ces titres, ceux-ci seront cotés sur une bourse internationale. Les titres auront une forme nominative afin que le Trustee et le Zaïre soient en mesure de contrôler exactement le niveau des transactions sur les dettes et que le Zaïre conserve la connaissance de l'identité de ses créanciers.

5. Les effets de la proposition

5.1 Les effets sur les paiements du service de la dette dus par le Zaïre dans le cas de cette proposition sont présentés dans le Tableau 5. Si la proposition est acceptable pour les créanciers à moyen et long terme auxquels elle sera soumise, la dette extérieure du Zaïre due à ses créanciers porterait une obligation de service de la dette à laquelle le pays pourrait faire face. La dette serait remboursée à la fin des vingt ans en totalité. En outre, les rééchelonnements annuels qui occasionnait des pertes de temps seraient éliminés.

5.2 Dans la mesure où certaines des options attachées à la proposition (voir pp. 17-20 ci-dessous) seraient choisies par les créanciers elles auraient pour effet de réduire le montant de la dette existante. Il est également prévu qu'un nombre important de créanciers opteront pour la conversion de la dette en capital ce qui aura pour effet d'augmenter l'investissement direct étranger dans l'économie.

5.3 Bien que la proposition elle-même n'apporte pas d'argent frais au Zaïre, il est clair que si le nouveau service de la dette accepté par le Zaïre dans cette structure est payé régulièrement dans le futur, les conditions devraient être réunies pour que des emprunts extérieurs à moyen et long terme soient possibles. Les perspectives économiques du pays apparaîtraient également moins incertaines et plus accueillantes pour de nouveaux investissements.

5.4 Les institutions multilatérales n'auront pas seulement à maintenir un flux net positif de capital vers le Zaïre au cours des vingt prochaines années, mais aussi à fournir, au moins au début, les fonds nécessaires aux nouveaux projets dans l'économie aidées en cela par les sources officielles bilatérales. Bien que ceci constitue un engagement important pour les institutions multilatérales, il assure également que la coopération avec les autorités zaïroises dans l'évaluation de la politique financière et économique que ces institutions ont développée au cours de la dernière décennie continuera. L'adoption de la proposition impliquerait que, bien que les rendez-vous annuels des créanciers qui sont membres des Clubs des Paris, Londres et Kinshasa ne soient plus nécessaires, l'engagement des institutions multilatérales ne sera pas réduit, bien au contraire.

5.5 La structure de la proposition fait en sorte que toutes les catégories de créanciers à moyen et long terme autres que les institutions multilatérales soient traités sur une base comparable. Certains gouvernements créanciers ont examiné la possibilité de convertir une partie des crédits rééchelonnés en subventions au bénéfice des nations débitrices. Evidemment, dans la mesure où de telles conversions prendront place dans le cas du Zaïre, le total des paiements au titre du service de la dette sera diminué et les perspectives futures pour le pays seront d'autant améliorées. La proposition ne prend cependant pas en compte la possibilité que de telles conversions aient lieu.

6. Eléments optionnels de la proposition

Certains éléments optionnels pourraient aussi être offerts aux créanciers qui conviennent de participer au refinancement décrit ci-dessus. Ces éléments optionnels sont décrits ci-dessous. Dans chaque cas, les éléments optionnels seront sujets à négociation approfondie entre les autorités zaïroises et le créancier particulier intéressé.

6.1 Transférabilité : les détenteurs seront libres de négocier la vente ou le transfert des obligations à des tiers à la fois au Zaïre et hors du Zaïre. Ces opérations seront sujettes aux conditions d'enregistrement et de cotation.

6.2 Conversion en capital : sous les conditions des règles définies par les autorités zaïroises, les détenteurs auront l'option, pour une durée limitée après l'émission, de restituer leurs obligations à la Banque du Zaïre en échange de zaïres à un cours qui représentera une prime au-dessus du taux de change en vigueur. Cette prime correspondra au différentiel éventuel entre les taux de change officiels et parallèles. Par la suite la restitution sera permise à une prime nominale. Dans tous les cas il serait exigé que les zaïres versés au détenteurs soient investis dans des projets ayant reçu l'approbation des autorités. Ces investissements seront considérés par les autorités zaïroises comme ayant été financés en devises. Les détenteurs auront donc une option de conversion de la dette en capital qui sera semblable à celle disponible dans d'autres

nombreux pays. Des règles détaillées pour ces types de conversion seront définies par les autorités du Zaïre et pourront comporter des incitations destinées à encourager l'investissement dans des secteurs ou des régions désignés. Le montant total de ces conversions sera également plafonné de manière globale.

6.3 Le financement des exportations : les créanciers auront la possibilité de restituer leurs obligations à la Banque du Zaïre contre les zaïres, à un cours concessionnel, afin d'acheter des biens zaïrois destinés à l'exportation. Les bénéfices en devises de telles exportations pourraient être conservés par les créanciers. Les effets de cette formule sur la masse monétaire nationale seront contrôlés très étroitement par les autorités zaïroises.

6.4 Remboursement anticipé ("titres à durée réduite") : certains créanciers peuvent être moins intéressés par le niveau de rendement courant que par la perspective d'un remboursement anticipé du principal. Les détenteurs auront donc l'option de voir leur paiements d'intérêt de 4 pour cent par an convertis en versements au fonds d'amortissement. Cette formule leur permettra de récupérer plus rapidement leurs créances en retour d'un abandon des paiements d'intérêt. Sous l'hypothèse retenue du taux d'accumulation du fonds d'amortissement (8,5 pour cent par an) ceci permettrait un remboursement après environ onze ans. Les détenteurs auraient aussi le droit à tout moment de restituer leurs obligations à la Banque du Zaïre contre le versement au fonds d'amortissement d'un montant égal à la fraction pro rata des avoirs accumulés au sein du fonds en fonction du montant nominal des obligations du détenteur.

6.5 Titres à coupons bonifiés : il convient de prendre acte que les obligations publiques du Zaïre se traitent en ce moment sur le marché secondaire à des décotes sur la valeur nominale d'au moins 70 à 75 pour cent et que de nombreuses banques commerciales et de créanciers privés ont fait des provisions importantes contre leurs avoirs de dettes souveraines. Ces créanciers seraient donc prêts à accepter la conversion de leurs dettes à une décote, particulièrement si ces obligations offrent un rendement plus élevé. Si un rendement annuel plus élevé est particulièrement important pour certains créanciers, des obligations à coupons bonifiés pourraient alors être offertes, mais l'échange se ferait sur la base d'une décote plus élevée de la valeur des créances existantes. Cette procédure sera nécessaire afin de ne pas dépasser le montant global des fonds disponibles au titre du service de la dette et de préserver l'égalité de traitement entre les créanciers. Ces obligations pourraient ainsi être offertes aux créanciers à environ 50 pour cent de la valeur nominale des créances existantes (impliquant un prix d'émission qui serait de 200 pour cent de la valeur faciale des nouvelles obligations) mais porteraient un coupon annuel à taux bonifié de 10 pour cent. Les paiements au fonds d'amortissement portant sur 2 pour cent par an du montant nominal seraient également effectués pour ces obligations. Comme ce sont les créanciers commerciaux et bancaires qui auront provisionné la valeur de leurs créances, cette option offrant un taux de rendement courant de marché pourrait les intéresser.

6.6 L'assurance de la récupération du principal ("titres assurés") : les détenteurs peuvent, à leurs frais, assurer leurs obligations afin de les rendre plus facilement négociables. Cette assurance sera conduite dans le cadre d'une police globale négociée au nom de tous les créanciers avec les principaux pourvoyeurs d'assurances afin que le versement d'une prime unique par les détenteurs d'environ 25 pour cent de la valeur faciale des obligations offre une garantie de remboursement du principal après vingt ans. Le versement final devrait être suffisant pour couvrir à la fois la valeur faciale de l'obligation assurée et le paiement initial de la prime de 25 pour cent. Les obligations ainsi assurées devraient avoir une valeur plus importante sur les marchés financiers et être plus facilement négociables. La structure est similaire à celle de l'achat d'une obligation à coupon zéro dont la valeur augmente suffisamment pour amortir le principal à l'échéance. Les détenteurs choisissant d'opter pour ce schéma recevraient des paiements d'intérêts sur leurs titres au taux de 6 pour cent par an. Ces titres ne feraient l'objet d'aucune contribution au fonds d'amortissement.

6.7 Les garanties d'intérêts par les détenteurs : afin de rendre les titres plus facilement négociables à des prix proches du pair, certains détenteurs peuvent choisir de placer leurs propres garanties sur les intérêts payables au titre des obligations et de vendre ensuite ces obligations sur les marchés internationaux des capitaux. Dans les cas où les créanciers ont constitué des provisions importantes contre les dettes en question, la réalisation du principal qui interviendrait au moment de la vente des titres devrait présenter des avantages importants alors que les créanciers ne conserveraient qu'un risque éventuel sur les paiements d'intérêts.

TABLEAU 1

EVOLUTION DU SERVICE DE LA DETTE ANNEE PAR ANNEE

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
	En millions de \$US												
Service Initial(1)	252	289	386	464	509	689	739(3)	755	577	638	836	747	820
Service Contractuel Plus Arriérés	252	390	497	622	991	941	772	926	2036	638	836	747	-
Service Rééchelonné	-	191	225	-	571(2)	600	371	-	1385	-	418	345	-
Nouveau Service Contractuel	252	199	272	622	420	341	401	926	651	638	418	402	820
Service Effectué	151	88	114	140	168	308	230	115	221	327	380	366	-
Cumul des Arriérés en fin d'année	101	111	158	482	252	33	171	811	963	-	-	-	-
Encours (Mobilisé	(514	(	(	(1718	(	(	(4330	(4447	(	(	(	(5773,44	(
(	(	(N.D.	(2474	(	(3336	(4089	(	(	(3873	(4388,46	(4960	((-
(Non-Mobilisé	(170	(	(	(1198	(	(	( 660	(510	(	(	(	( 578,94	(

Source: OGEDEP

- (1) Service dû avant rééchelonnement dans une année donnée mais y compris le service sur les rééchelonnements précédents.
- (2) Non compris la consolidation de 171 millions de \$US de créances à court terme.
- (3) Y compris l'estimation du service dû sur le dernier accord de rééchelonnement avec le Club de Paris au titre des échéances du 1er avril 1987 - 31 décembre 1988.

TABLEAU 2

BALANCE DES PAIEMENTS HISTORIQUE

(en millions de dollars aux prix courants)

	Actuel					
	1981	1982	1983	1984	1985	1986
A. Exports, biens + services	1772	1658	1786	2033	1978	2002
1. Marchandises	1678	1601	1686	1918	1852	1846
2. Services non facteurs	94	57	100	115	126	156
B. Imports, biens et services	2149	1905	1903	1870	1772	1975
1. Marchandises	1691	1545	1444	1399	1413	1550
2. Services non facteurs	458	360	459	470	359	425
C. Balance commerciale	-377	-247	-117	163	206	27
D. Revenu facteur net	-471	-496	-409	-571	-569	-575
1. Recettes facteurs	57	26	15	27	27	33
2. Paiements facteurs	528	522	424	598	596	608
Intérêts n/c	329	341	336	425	390	457
E. Transferts actuels nets	196	101	124	31	84	78
(Privés)	-4	-9	3	-91	-55	-62
(Publics)	200	110	121	122	139	140
F. Balance courante	-652	-642	-401	-377	-279	-470
G. Flux de capital à long terme	386	408	319	166	137	380
1. Investissement direct	6	6	5	6	6	5
2. Dons officiels	48	50	52	52	60	60
3. Emprunts M< Nets	-169	-179	-197	-295	-295	-199
a. Tirages (1)	251	190	145	135	157	283
b. Remboursements	420	369	342	430	453	482
4. Autres flux à LT (2)	501	531	459	402	367	514
H. Autres flux de cap. LT	45	104	-20	79	107	69
I. Réserves nets: changements	220	129	104	134	36	22
1. Crédit nouveau du FMI	107	94	112	107	66	-15
2. Autres changements de réserves	113	35	-9	27	-30	37
(- indique augmentation)						

(1) Non compris la partie des flux de capitaux privés inclus dans Autres flux de cap. LT (ligne H).

(2) Y compris les changements d'arriérés et, pour la période 1980-86, les rééchelonnements.

Source: Banque Mondiale et Dépt. du Plan.

TABLEAU 3

PROJECTIONS DE LA BALANCE DES PAIEMENTS

(en millions de dollars aux prix courants)

	Projections						
	1987	1988	1989	1990	1991	1992	1995
A. Exports, biens + services	1893	2027	2189	2357	2561	2784	3507
1. Marchandises	1715	1831	1979	2137	2323	2525	3181
2. Services non facteurs	178	196	210	220	238	258	325
B. Imports, biens + services	2169	2296	2424	2554	2711	2877	3440
1. Marchandises	1714	1827	1940	2054	2178	2308	2749
2. Services non facteurs	456	469	484	500	533	569	691
C. Balance commerciale	-276	-269	-235	-197	-150	-93	67
D. Revenu facteur net	-618	-642	-681	-702	-719	-768	-813
1. Recettes facteurs	35	37	41	45	51	48	56
2. Paiements facteurs	653	679	722	747	770	816	869
Intérêts n/c	510	503	536	549	560	594	604
E. Transfers annuels nets	130	138	146	143	140	155	176
(Privés)	-68	-66	-64	-73	-83	-75	-75
(Publics)	198	204	210	216	223	230	251
F. Balance courante	-765	-773	-770	-755	-729	-707	-571
G. Flux de capital à long terme	89	-2	-102	30	-58	-108	-253
1. Investissement direct	5	15	25	32	38	44	63
2. Dons officiels	54	53	50	59	55	62	68
3. Emprunts M< nets	49	-28	-152	-60	-151	-214	-384
a. Tirages (1)	552	489	467	468	465	478	550
b. Remboursements	503	517	619	528	616	699	949
4. Autres flux à LT (2)	-19	-43	-25	0	0	0	0
H. Autres flux de cap. LT	10	54	67	91	105	109	100
I. Réserves nets: changements	-53	-138	-171	-199	-143	-91	-25
1. Crédit nouveau du FMI	29	-106	-146	-174	-118	-66	0
2. Autres changements de réserves	-82	-32	-25	-25	-25	-25	-25
(- indique augmentation)							
Solde global	-719	-860	-976	-833	-826	-796	-748

(1) Non compris la partie des flux de capitaux privés inclus dans Autres flux de cap. LT (ligne H).

(2) Y compris les changements d'arriérés et, pour la période 1980-86, les rééchelonnements.

Source: Banque Mondiale et Dépt. du Plan.

TABLEAU 4

SERVICE DE LA DETTE EFFECTIF 1981-87

(en milliards de dollars US)

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Paiements de principal	420	369	342	431	453	483	498
Paiements d'intérêt	317	315	291	376	333	391	445
Total du service de la dette	<u>737</u>	<u>684</u>	<u>633</u>	<u>807</u>	<u>786</u>	<u>874</u>	<u>943</u>
Allègement de la dette	(371)	(150)	(410)	(477)	(417)	(543)	(720)
Service de la dette net	<u>366</u>	<u>534</u>	<u>223</u>	<u>330</u>	<u>369</u>	<u>331</u>	<u>222</u>
dont : multilatéral	21	20	33	40	50	48	
bilatéral	269	494	138	239	269	245	
privé	76	20	52	51	50	38	
Projections de la BdP 1981							
Exportations FOB	1914	2305	2636				
BdP Réalisations	1772	1658	1786	2033	1978	2002	1893
Service de la dette (% d'exportations)	20.7	32.2	12.5	16.2	18.7	16.5	11.7
Service de la dette (% d'exportations) non compris les multilatérales	19.5	31.0	10.6	14.3	16.1	14.1	

TABLEAU 5

PROJECTIONS DES PAIEMENTS DU SERVICE DE LA DETTE

(en millions de dollars)

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1995</u>
	<u>Paielements contractuels actuels</u>						
Paielements d'intérêt	510	503	536	549	560	594	604
Paielements de principal	503	517	619	528	616	699	949
	<u>Paielements de service de la dette proposés</u>						
Fonds d'amortissement @ 2 % de 5 mds. de \$US ⁽¹⁾	100	100	100	100	100	100	100
Intérêts @ 4 % de 5 mds. de \$US	200	200	200	200	200	200	200
Nouveau service	300	300	300	300	300	300	300
Exports: prévision	1893	2027	2189	2357	2561	2784	3507
Nouveau service en % d'exportations	15.8	14.8	13.7	12.7	11.7	10.8	8.6

(1) Hypothèse de service sur le montant total de l'émission, sans décotes.

TABLEAU 6

Structure de la dette extérieure du Zaïre
au 31 décembre 1986

Taux de conversion du 31 décembre 1986

(US dollar millions)

<u>Structure de la dette</u>	<u>Encours</u>
I. <u>Créances dans le cadre du Club de Paris</u>	
A. Dette rééchelonnée	
Rééchelonnement 1975/76, 1977, 1979 à 1981	492,38
Court terme consolidé	
Rééchelonnement déc. 1983 (5ème)	1,583,58
Rééchelonnement mai 1985 (6ème)	434,68
Rééchelonnement mai 1987 (7ème)	390,32
B. Dette non encore rééchelonnée	
Prêts gouvernementaux	944,22
Crédits privés garantis	264,57
Mécanismes de paiement S.N.EL.	169,00
TOTAL PARTIEL	<u>4,278,83</u>
II <u>Créances hors Club de Paris et institutions multilatérales</u>	
A. Dette commerciale non garantie	83,06
B. Dette bancaire non garantie	86,15
C. Autres prêts gouvernementaux	67,02
D. Trust Banque Mondiale/Gécamines	78,28
E. Accord de Londres	349,14
TOTAL PARTIEL	<u>663,65</u>
TOTAL GENERAL	<u>4,942,48</u>
Institutions multilatérales	<u>825,20</u>
Rééchelonnement du Club de Paris 1987	<u>720,00</u>

REPUBLIQUE DU ZAIREProposition de refinancement de la dette:Formules de taux d'intérêt

Plusieurs formules relatives aux taux d'intérêt ont été envisagées afin d'offrir aux créanciers la plus grande souplesse pour participer au programme de refinancement de la dette. L'objectif est de concilier le besoin de satisfaire les exigences des créanciers et la nécessité de maintenir un degré de simplicité dans la structure de l'émission.

I. Titres standards

Il est prévu que la majorité des titres sous le programme soient émis au pair, en particulier ceux émis aux créanciers du Club de Paris, avec un taux d'intérêt de 4 pour cent, et un paiement au fonds d'amortissement de 2 pour cent par an réservé à l'amortissement du principal à maturité.

II. Titres à coupon bonifié

Il convient de prendre acte du fait que les obligations publiques du Zaïre se traitent sur le marché secondaire à des niveaux de décote pouvant atteindre jusqu'à 70-75 pour cent de leur valeur faciale, et que de nombreuses banques commerciales et d'autres créanciers privés ont procédé à des provisions importantes contre leur créances sur le Zaïre. Ces créanciers seraient donc peut-être prêts à accepter une conversion de leurs dettes avec une décote et plus particulièrement si les nouveaux titres offrent un rendement courant plus élevé.

Les titres à coupon bonifié pourraient donc être proposés aux créanciers qui accepteraient de restituer ou d'annuler des dettes existantes pour un montant double de la valeur nominale des nouveaux titres obtenus. (Ceci implique un "prix d'émission" de 200 pour cent pour les nouveaux titres.) Ces titres à coupon bonifié porteraient un taux d'intérêt annuel de 10 pour cent et un versement au fonds d'amortissement de 2 pour cent par an.

III. Titres assurés

Les créanciers qui souhaitent des paiements d'intérêt plus élevés mais qui, pour diverses raisons, ne seraient pas en mesure de prendre des titres en enregistrant une décote implicite sur les créances existantes auraient la possibilité d'adhérer à un système global où une prime initiale unique versée à l'émission par le souscripteur garantirait un remboursement du principal à maturité. En retour le Zaïre réserverait les 2 pour cent relatifs à ces titres et destinés au fonds d'amortissement au paiement courant d'intérêt augmentant par là le taux d'intérêt annuel à 6 pour cent.

IV. Titres à durée réduites

Sous les formules proposées pour le remboursement anticipé des titres, les créanciers auraient la possibilité de renoncer à leurs paiements d'intérêts dus, permettant par là que le paiement prévu d'intérêts de 4 pour cent soit versé directement au fonds d'amortissement pour ces titres. L'accumulation plus rapide de capital au fonds d'amortissement devrait permettre un amortissement anticipé de ces titres.

V. Résumé

	<u>Taux d'intérêt</u>	<u>Paiement d'amortissement</u>	Valeur faciale de la dette ancienne : Montant des nouveaux titres (*)
Titres standards	4 %	2 %	1 : 1
Titres à coupon bonifié	10 %	2 %	2 : 1
Titres assurés	6 %	-	1 : 1
Titres à durée réduites	-	6 %	1 : 1

(*) Proportion des valeurs faciales à l'émission.

REPUBLIQUE DU ZAIRE

Refinancement de la dette extérieure

PRESENTATION DES TERMES

Emprunteur :	La République du Zaïre ou une agence agissant en son nom.
Montant Principal :	Jusqu'au 5 milliards de dollars US.
Maturité :	20 ans à partir de la date d'émission.
Monnaie :	Droits de tirage spéciaux (DTS).
Taux d'Intérêt :	4 pour cent annuel, payable semi-annuellement en arriéré sur le Montant Principal (ou sur le montant actuel de l'encours des Titres de temps en temps) jusqu'à Maturité.
Fonds d'Amortissement :	L'Emprunteur s'engage à transférer annuellement 2 pour cent du Montant Principal de l'encours des titres à un Trustee. Le Fonds d'Amortissement sera utilisé pour rembourser le Montant de l'encours du Principal à Maturité.
Prix d'Emission :	100 pour cent, payable par la livraison ou l'annulation d'un montant facial équivalent d'obligations de la République du Zaïre libellées en devises ; la formule est à négocier individuellement avec chaque agence ou institution souscrivant à l'émission.
Forme de l'Instrument :	L'émission portera sur des Titres obligataires ("les Titres") libellés en DTS.
Dénominations et Transfert :	Les Titres seront nominatifs en coupures de [10.000] de DTS et seront librement transférables.

Imposition : Tous les paiements relatifs aux Titres seront libres de toute retenue à la source ou autres taxes dans la République du Zaïre ou d'autre juridictions.

Trustee : La Banque Africaine de Développement.

Cotation : Une demande de cotation des Titres sera faite auprès de la (des) Bourse(s) de [].

Agents payeurs : La Banque Africaine de Développement.

Statut des Titres : Les Titres seront des obligations directes et générales de la République du Zaïre. Les divers types de Titres émis (voir "Options") auront le même rang entre elles.

Options

Titres à Coupon
Bonifié :

Les souscripteurs des Titres auraient la possibilité de recevoir un paiement d'intérêt de 8 pour cent annuel à la condition que les Titres aient été obtenus par l'annulation ou la livraison d'obligations pour un montant double de la valeur nominale des nouveaux Titres. Les paiements au Fonds d'Amortissement de 2 pour cent seront versés au titre de tous les Titres à Coupon Bonifié.

Titres Assurés :

Les détenteurs peuvent à leurs frais assurer les Titres. Cette assurance sera conduite au sein d'une police globale négociée au nom de tous les créanciers. Le paiement par les détenteurs des Titres d'une prime d'environ 25 pour cent sur la valeur faciale des Titres garantira le remboursement à Maturité de la valeur faciale des Titres et du montant de la prime versée.

Les détenteurs optant pour le programme d'assurance recevraient un paiement d'intérêt sur leurs Titres au taux de 6 pour cent par an, mais l'Emprunteur ne ferait pas de contribution financière au Fonds d'Amortissement pour ces Titres.

Amortissement
Anticipé :

Les détenteurs des Titres auraient le choix de:

- (i) abandonner leur droit de recevoir le paiement d'intérêt au taux de 4 pour cent par an sur les Titres, qui serait alors versé au Fonds d'Amortissement. L'amortissement anticipé de des Titres aurait lieu dès lors que l'accumulation des versements au Fonds d'Amortissement suffisait à couvrir les montants relatifs au remboursement de ces Titres.
- (ii) restituer les Titres à la Banque du Zaïre contre paiement d'un montant du Fonds d'Amortissement proportionnel à la part applicable à la valeur nominale des Titres au sein du Fonds d'Amortissement.

Conversion
en Capital :

Les détenteurs des Titres auront l'option de restituer leurs Titres à la Banque du Zaïre contre zaïres destinés à être investis dans des projets approuvés. Les taux de change et autres conditions varieront et seront sujets à la réglementation détaillées.