

**AGREED MINUTE
ON THE CONSOLIDATION OF THE DEBT
OF THE FEDERAL REPUBLIC OF NIGERIA**

I- PREAMBLE

1. The representatives of the Governments of Austria, Belgium, Brazil, Denmark, Finland, France, Germany, Israel, Italy, Japan, the Netherlands, the Russian Federation, Spain, Switzerland, the United Kingdom and the United States of America hereinafter referred to as "Participating Creditor Countries", met in Paris on October 25, 26 and 27, 2000 and on December 11, 12 and 13, 2000 with representatives of the Government of the Federal Republic of Nigeria in order to examine the request to alleviate the Federal Republic of Nigeria's external debt service obligations. Observers of the Governments of Canada and Norway as well as the International Monetary Fund, the International Bank for Reconstruction and Development, the African Development Bank, the Secretariat of the U.N.C.T.A.D. and the Organization for Economic Cooperation and Development also attended the meeting.

2. The Delegation of the Federal Republic of Nigeria described the economic and financial difficulties faced by its country and the strong determination of the Government of the Federal Republic of Nigeria to reduce the economic and financial imbalances and to attain the targets of the program supported by the stand-by arrangement with the International Monetary Fund.

3. The representatives of the International Monetary Fund described the Federal Republic of Nigeria's economic situation and the major elements of the adjustment program undertaken by the Government of the Federal Republic of Nigeria and supported by the stand-by arrangement with the International Monetary Fund approved by the Executive Board of the Fund on August 4, 2000. This stand-by arrangement, covering the period ending on August 3, 2001 involves specific commitments in both the economic and financial fields.

4. The representatives of the Governments of the Participating Creditor Countries took note of the measures of adjustment in the economic and financial program undertaken by the Government of the Federal Republic of Nigeria; they stressed the importance they attach to the continued and full implementation of this program, in particular, the revitalization of the productive sector of the economy, and the improvement of public finances.

II- RECOMMENDATIONS ON TERMS OF THE REORGANIZATION

In view of the serious payment difficulties faced by the Federal Republic of Nigeria, the representatives of the Participating Creditor Countries agreed to recommend to their Governments or their appropriate institutions that they provide, through rescheduling or refinancing, debt relief for the Federal Republic of Nigeria on the following terms:

1. Debts concerned

The debts to which this reorganization will apply are the following:

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a) loans from Governments or appropriate institutions of the Participating Creditor Countries, having an original maturity of more than one year, and which were extended to the Government of the Federal Republic of Nigeria or to a federated State, to a public entity wholly owned by the federal Republic of Nigeria or by one or several of its federated States, or covered by the guarantee of one or several of these entities, pursuant to a contract or other financial arrangement concluded before October 1st, 1985 ;

b) commercial credits guaranteed or insured by the Governments of the Participating Creditor Countries or their appropriate institutions, having an original maturity of more than one year, and which were extended to the Government of the Federal Republic of Nigeria or to a federated State, to a public entity wholly owned by the federal Republic of Nigeria or by one or several of its federated States, or covered by the guarantee of one or several of these entities, pursuant to a contract or other financial arrangement concluded before October 1st 1985 ;

c1) repayments of principal and interest due as a result of the consolidation of the amounts mentioned in Article II-2.A/ of the Agreed Minute dated December 16, 1986 ;

c2) repayments of principal and interest due as a result of the consolidation of the amounts mentioned in Articles II-2.B/ and II-2.C/ of the Agreed Minute dated December 16, 1986 ;

d1) repayments of principal and interest due as a result of the consolidation of the amounts mentioned in Articles II-2.A/, II-2.B/a), II-2.B/c) and II-2.B/d) having an original maturity of more than one year in the Agreed Minute dated March 3, 1989 ;

d2) repayments of principal and interest due as a result of the consolidation of the amounts mentioned in Articles II-2.A/, II-2.B/b), II-2.B/c) and II-2.B/d) having an original maturity of one year or less in the Agreed Minute dated March 3, 1989 ;

e1) repayments of principal and interest due as a result of the consolidation of the amounts mentioned in Articles II-2.a) and II-2.b) having an original maturity of more than one year in the Agreed Minute dated January 18, 1991 ;

e2) repayments of principal and interest due as a result of the consolidation of the amounts mentioned in Article II-2.b) having an original maturity of one year or less in the Agreed Minute dated January 18, 1991.

It is understood that the debts referred to hereabove include the debt resulting from the contracts related to the cement plant of ONIGBOLO and the sugar plant SAVE, to the extent that the guarantee of the Government of the Federal Republic of Nigeria is invoked.

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

2. Terms of the consolidation

A/ 100% of amounts due and not paid as at July 31, 2000 on the debts referred to in paragraph 1, above will be paid as follows :

a) The Government of the Federal Republic of Nigeria and the representatives of the Governments of the Participating Creditor Countries agreed to ensure a better comparability of treatment among creditors so that each Participating Creditor Country will have received : a) for 85% of a US\$ 700 million payment, broadly at least 11.2% of the debt due and not paid (including late interest) since 1991 ; b) for 15% of a US\$ 700 million payment, a proportional share of what would be required so that each Participating Creditor Country receives broadly at least 42% of the debt due and not paid (including late interest) since 1991. As a consequence, it is agreed that US\$ 700 million due on amounts of principal and interest (including late interest) as at July 31, 2000 inclusive and not paid referred to in paragraph 1. above will be paid on December 29, 2000. The breakdown of US\$ 700 million among Participating Creditor Countries is defined in the letter dated December 13, 2000 from the Vice President of the Paris Club to the Head of the Delegation of the Federal Republic of Nigeria ;

b) the Government of the Federal Republic of Nigeria will make complementary payments in order to reduce the stock of arrears due to the Participating Creditor Countries ; it is agreed that payments of US\$ 120 million shall be made to the Participating Creditor Countries in proportion to the amounts of principal and interest (including late interest) due as at July 31, 2000 and not paid referred to in paragraph 1. above, after implementation of paragraph a) above will be paid on March 31, 2001. The breakdown of these US\$ 120 million is defined in the letter dated December 13, 2000 from the Vice President of the Paris Club to the Head of the Delegation of the Federal Republic of Nigeria ;

c) the Government of the Federal Republic of Nigeria and the representatives of the Governments of the Participating creditor countries agreed to ensure a better comparability of treatment among creditors so that each Participating Creditor country will have received broadly at least 24.55% of the debt due and not paid (including late interest) since 1991. As a consequence, it is agreed that amounts representing US\$ 2.76 billion due on amounts of principal and interest (including late interest) due as at July 31, 2000 inclusive and not paid after the payment of amounts referred to in paragraphs A/a) and A/b) above on debt referred to in paragraph 1. above, will be reprofiled. The breakdown of these US\$ 2.76 billion is defined in the letter dated December 13, 2000 from the Vice President of the Paris Club to the Head of the Delegation of the Federal Republic of Nigeria.

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These amounts will be repaid as follows :

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| - 11% on March 31, 2001 ; | - 10.3% on July 31, 2001 ; |
| - 5% on March 31, 2002 ; | - 5% on September 30, 2002 ; |
| - 5% on March 31, 2003 ; | - 5% on September 30, 2003 ; |
| - 5% on March 31, 2004 ; | - 5% on September 30, 2004 ; |
| - 5% on March 31, 2005 ; | - 5% on September 30, 2005 ; |
| - 5% on March 31, 2006 ; | - 5% on September 30, 2006 ; |
| - 5% on March 31, 2007 ; | - 5% on September 30, 2007 ; |
| - 5% on March 31, 2008 ; | - 5% on September 30, 2008 ; |
| - 5% on March 31, 2009 ; | - 3.7% on September 30, 2009. |

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

d) Amounts not paid and remaining due after the implementation of paragraphs a), b) and c) above will be rescheduled or refinanced, and repaid as follows :

- as regards Official Development Aid loans mentioned in paragraph 1. above, 100% of the remaining amounts of principal and interest (including late interest) due as at July 31, 2000 inclusive and not paid referred to in paragraph 1. of Article II will be rescheduled or refinanced. Repayment by the Government of the Federal Republic of Nigeria of the corresponding sums will be made in 20 equal and successive semi-annual payments, the first payment to be made on September 30, 2011 (end of the grace period) and the final payment to be made on March 31, 2021 (end of the repayment period) :

- as regards other credits mentioned in paragraph 1. above, 100% of the remaining amounts of principal and interest (including late interest) due as at July 31, 2000 inclusive and not paid will be rescheduled or refinanced. Repayment by the Government of the Federal Republic of Nigeria of the corresponding sums will be made as follows :

- | | |
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| - 0.44% on September 30, 2004 ; | - 0.58% on March 31, 2005 ; |
| - 0.74% on September 30, 2005 ; | - 0.90% on March 31, 2006 ; |
| - 1.07% on September 30, 2006 ; | - 1.25% on March 31, 2007 ; |
| - 1.43% on September 30, 2007 ; | - 1.62% on March 31, 2008 ; |
| - 1.82% on September 30, 2008 ; | - 2.02% on March 31, 2009 ; |
| - 2.22% on September 30, 2009 ; | - 2.43% on March 31, 2010 ; |
| - 2.64% on September 30, 2010 ; | - 2.86% on March 31, 2011 ; |
| - 3.08% on September 30, 2011 ; | - 3.30% on March 31, 2012 ; |
| - 3.53% on September 30, 2012 ; | - 3.76% on March 31, 2013 ; |
| - 4.00% on September 30, 2013 ; | - 4.23% on March 31, 2014 ; |
| - 4.48% on September 30, 2014 ; | - 4.72% on March 31, 2015 ; |
| - 4.97% on September 30, 2015 ; | - 5.22% on March 31, 2016 ; |
| - 5.47% on September 30, 2016 ; | - 5.72% on March 31, 2017 ; |
| - 5.98% on September 30, 2017 ; | - 6.24% on March 31, 2018 ; |
| - 6.51% on September 30, 2018 ; | - 6.77% on March 31, 2019 ; |

B/ 100% of the amounts of principal and interest (excluding late interest) due from August 1st, 2000 up to July 31, 2001 inclusive and not paid on the debts referred to in paragraph 1. above will be paid as follows : *proceed*

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- as regards Official Development Aid loans mentioned in paragraph 1. above, 100% of the amounts of principal and interest (excluding late interest) due from August 1st, 2000 up to July 31, 2001 inclusive and not paid referred to in paragraph 1. of Article II will be rescheduled or refinanced. Repayment by the Government of the Federal Republic of Nigeria of the corresponding sums will be made in 20 equal and successive semi-annual payments, the first payment to be made on September 30, 2011 (end of the grace period) and the final payment to be made on March 31, 2021 (end of the repayment period) :

- as regards other credits mentioned in paragraph 1. above, 100% of the amounts of principal and interest (excluding late interest) due from August 1st, 2000 up to July 31, 2001 inclusive and not paid will be rescheduled or refinanced. Repayment by the Government of the Federal Republic of Nigeria of the corresponding sums will be made as follows :

- 0.44% on September 30, 2004 ;	- 0.58% on March 31, 2005 ;
- 0.74% on September 30, 2005 ;	- 0.90% on March 31, 2006 ;
- 1.07% on September 30, 2006 ;	- 1.25% on March 31, 2007 ;
- 1.43% on September 30, 2007 ;	- 1.62% on March 31, 2008 ;
- 1.82% on September 30, 2008 ;	- 2.02% on March 31, 2009 ;
- 2.22% on September 30, 2009 ;	- 2.43% on March 31, 2010 ;
- 2.64% on September 30, 2010 ;	- 2.86% on March 31, 2011 ;
- 3.08% on September 30, 2011 ;	- 3.30% on March 31, 2012 ;
- 3.53% on September 30, 2012 ;	- 3.76% on March 31, 2013 ;
- 4.00% on September 30, 2013 ;	- 4.23% on March 31, 2014 ;
- 4.48% on September 30, 2014 ;	- 4.72% on March 31, 2015 ;
- 4.97% on September 30, 2015 ;	- 5.22% on March 31, 2016 ;
- 5.47% on September 30, 2016 ;	- 5.72% on March 31, 2017 ;
- 5.98% on September 30, 2017 ;	- 6.24% on March 31, 2018 ;
- 6.51% on September 30, 2018 ;	- 6.77% on March 31, 2019 ;

C/ Debt swaps

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

(i) all ODA loans ;

(ii) amounts of outstanding credits, loans and consolidations on debts mentioned in paragraph 1. above other than official development aid loans, up to 10% of the amounts of outstanding credits as of December 31, 1990 or up to an amount of 20 million SDR, whichever is higher.

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Participating Creditor Countries and the Federal Republic of Nigeria will inform semi-annually the Secretariat of the Paris Club, who will inform other creditors, of the debt swap agreements they have implemented. All elements necessary to evaluate the operation, its impact on the Federal Republic of Nigeria's economy and on the evolution of creditor's exposure will be transmitted to the Secretariat, including : its nature and purpose ; the parties to the debt swap ; the amount, type and value of the debt treated ; the price of sale to investors and the expense of the Federal Republic of Nigeria.

D/ Late interest

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

3. Rate of interest

The rates and the conditions of interest, including late interest, on the financial arrangements covered by this Agreed Minute will be determined bilaterally between the Government of the Federal Republic of Nigeria and the Government or appropriate institutions of each Participating Creditor Country on the basis of the appropriate market rate.

As regards official development aid loans, the rates and the conditions of interest should be at least as favourable as the concessional rates applying to those loans.

4. Guarantee of payment of the Government of the Federal Republic of Nigeria

As regards debts contracted by the Federal Government, by a federated State, by a public entity wholly owned by the Federal Republic of Nigeria or by one or several of its federated States, or as regards debts guaranteed by these entities, the Government of the Federal Republic of Nigeria is responsible for all payments of principal and interest under Articles II-2 and III-6 above, without any deduction for taxes, fees and other public charges or any other cost, accruing inside or outside Nigeria.

III- GENERAL RECOMMENDATIONS

1. In order to secure comparable treatment of its debt due to all its external public or private creditors, the Government of the Federal Republic of Nigeria commits itself to seek promptly from all its external creditors debt reorganisation arrangements on terms comparable to those set forth in the present Agreed Minute, while trying to avoid discrimination among different categories of creditors.

Consequently, the Government of the Federal Republic of Nigeria commits itself to accord all categories of creditors -and in particular creditor countries not participating in the present Agreed Minute, and private creditors- a treatment not more favourable than that accorded to the Participating Creditor Countries for credits of comparable maturity.

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For the purpose of the comparison between the arrangements concluded by the Government of the Federal Republic of Nigeria with its creditors not listed in the present Agreed Minute on the one hand, and with the Participating Creditor Countries on the other hand, all relevant elements will be taken into account, including the real exposure of the creditor not listed in the present Agreed Minute, the level of cash payments received by those creditors from the Government of the Federal Republic of Nigeria as compared to their share in the Federal Republic of Nigeria's external debt, the nature and characteristics of all treatment applied, including debt buy backs, and all characteristics of the reorganized claims and in particular their repayment terms whatever forms they take and in general the financial relations between the Government of the Federal Republic of Nigeria and the creditors not listed in the present Agreed Minute.

2. The Government of the Federal Republic of Nigeria will inform in writing the Chairman of the Paris Club not later than June 30, 2001 of the status of its negotiations and of the contents of its bilateral agreements with other creditors. The Government of the Federal Republic of Nigeria will further inform in writing regularly the Chairman of the Paris Club of the status of its negotiations with other creditors, as well as of the payments made to them.

3. The provisions set forth in this Agreed Minute do not apply to creditor countries with principal and interest falling due during the reorganization period on debts specified in Article II paragraph 2, including arrears, of less than SDR 1.5 million. The payments owed to these countries should be made on the original due dates. Payments already due and not paid should be made as soon as possible and, in any case, not later than December 31, 2000.

4. Upon the request of a Participating Creditor Country or of the Chairman of the Paris Club, each of the Participating Creditor Countries agrees to make available a copy of its bilateral agreement with the Government of the Federal Republic of Nigeria which implements this Agreed Minute to the Secretariat of the Paris Club who will inform other Participating Creditor Countries. The Government of the Federal Republic of Nigeria acknowledges this arrangement.

5. Each of the Participating Creditor Countries agrees to inform the Chairman of the Paris Club of the date of the signature of its bilateral agreement, of the interest rates, of the amounts of debts involved. The Government of the Federal Republic of Nigeria acknowledges this arrangement.

6. The Government of the Federal Republic of Nigeria undertakes to pay all debt service due and not paid, as at the date of the present Agreed Minute, on consolidations, on loans, on credits or pursuant to contracts or other financial arrangements payable on cash terms, extended or guaranteed by the Governments of the Participating Creditor Countries or their appropriate institutions, and not covered by Article II-2, of this Agreed Minute, as follows :

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a) 100% of the amounts of principal and interest (including late interest) due as at July 31, 2000 inclusive and not paid and 100% of amounts in principal and interest (excluding late interest) due from August 1st, 2000 up to December 31, 2000 inclusive and not paid on loans from Governments or appropriate institutions of the Participating Creditor Countries and on commercial credits guaranteed or insured by the Governments of the Participating Creditor Countries or their appropriate institutions, and which were extended to the Government of the Federal Republic of Nigeria or to a federated State, to a public entity wholly owned by the Federal Republic of Nigeria or by one or several of its federated States, or covered by the guarantee of one or several of these entities, pursuant to a contract or other financial arrangement concluded on or after October 1st, 1985, will be paid as follows :

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| - 8% on March 31, 2001 ; | - 8% on July 31, 2001 ; |
| - 9% on March 31, 2002 ; | - 9% on September 30, 2002 ; |
| - 10% on March 31, 2003 ; | - 10% on September 30, 2003 ; |
| - 11% on March 31, 2004 ; | - 11% on September 30, 2004 ; |
| - 12% on March 31, 2005 ; | - 12% on September 30, 2005 ; |

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

b) 100% of interest (excluding late interest) accrued from August 1st, 2000 up to July 31, 2001 inclusive on the consolidated amounts referred to paragraph 1. and to paragraphs 2. A/c), A/d) and B/ of Article II above and on deferred amounts referred to in paragraph a) above, will be capitalized on July 31, 2001 and will be paid in 10 equal and successive semi-annual payments, the first payment to be made on March 31, 2002 (end of the grace period) and the final payment to be made on September 30, 2006 (end of the repayment period) ;

Capitalised interest

c) any other amounts due will be paid as soon as possible and in any case no later than June 30, 2001.

Late interest will be charged on those amounts.

7. The Government of the Federal Republic of Nigeria guarantees free and unrestricted access to the foreign exchange market, allowing immediate and unrestricted transfer of the foreign exchange counterpart of all amounts paid in local currency by the private debtors in Nigeria for servicing their foreign debt owed to or guaranteed by the Participating Creditor Countries or their appropriate institutions, and not subject to the present consolidation.

In case of payments on these debts deposited before the signature of the present Agreed Minute in local currency by the private debtors with the local commercial banks, with the view to their transfer, the Government of the Federal Republic Nigeria will allow the immediate transfer of the foreign exchange counterpart of these deposits.

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IV- IMPLEMENTATION

The detailed arrangements for the rescheduling or refinancing of the debts will be accomplished by bilateral agreements to be concluded by the Government or the appropriate institutions of each Participating Creditor Country with the Government of the Federal Republic of Nigeria on the basis of the following principles :

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

- refinance debts by placing new funds at the disposal of the Government of the Federal Republic of Nigeria according to existing payment schedules during the reorganization period and for the above mentioned percentage of payment. These funds will be repaid by the Government of the Federal Republic of Nigeria according to schedules mentioned above in paragraph II-2. ;

- or reschedule the corresponding payments.

2. Debts to be included in the bilateral agreements to be concluded pursuant to the provisions of this Agreed Minute will be agreed between the Government of the Federal Republic of Nigeria and the Governments of the Participating Creditor Countries or their appropriate institutions.

As regards debts referred to in the present agreement, those for which insurance claims have been or will be paid out by an appropriate institution of a Participating Creditor Country will be deemed accepted for their entire value by the Government of the Federal Republic of Nigeria. They will be eligible for the provisions of the present Agreed Minute as soon as they are notified to the Central Bank of Nigeria by the appropriate institutions of the Governments of the Creditor Countries. By mutual consent, one or more of these debts can be removed from this agreement if, before June 30, 2001 evidence of its ineligibility is produced.

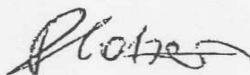
3. All other matters involving the rescheduling or the refinancing of the debts will be set forth in the bilateral agreements which the Government of the Federal Republic of Nigeria and the Governments or the appropriate institutions of the Participating Creditor Countries will seek to conclude with the least delay and in any case before June 30, 2001.

4. The provisions of the present Agreed Minute will enter into force on April 15, 2001 unless Participating Creditors Countries consider that the following conditions are not fulfilled :

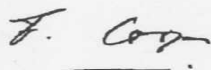
- satisfactory payments to Participating Creditor Countries on amounts due pursuant to the provisions of Article II paragraphs 2.A/a) and 2.A/b), and on amounts due on March 31, 2001 pursuant to Article II paragraph 2.A/c) and Article III paragraph 6.a) or ;

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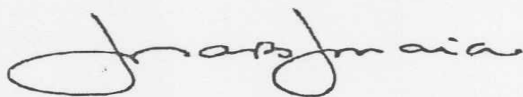
Delegation of Austria



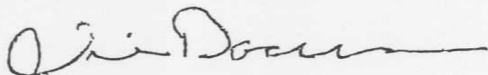
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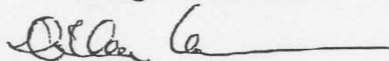
Delegation of Brazil



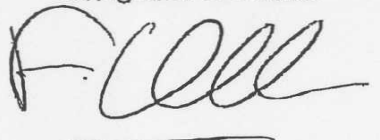
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Delegation of Finland



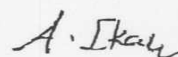
Delegation of France



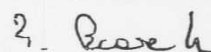
Delegation of Germany



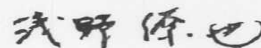
Delegation of Israel



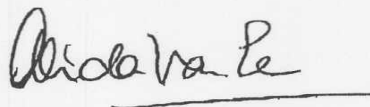
Delegation of Italy



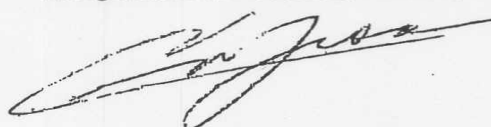
Delegation of Japan



Delegation of the Netherlands



Delegation of the Russian Federation



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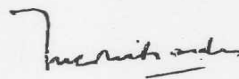
Delegation of Spain



Delegation Switzerland

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Delegation of the United Kingdom



Delegation of the United States
of America



December 13, 2000

PARIS CLUB
PRESS RELEASE

THE PARIS CLUB AND NIGERIA AGREE TO A DEBT RESTRUCTURING

Paris Club creditors agreed on December 13, 2000 with the Government of the Federal Republic of Nigeria to a restructuring of its external debt. This agreement follows the International Monetary Fund's approval of a stand-by arrangement on August 4, 2000.

This agreement consolidates roughly US\$ 23.4 billion. This amount consists mainly of US\$ 21 billion in arrears as of August 1st, 2000 (of which US\$ 0.3 billion are arrears on official development assistance loans). The rest of the consolidation deals with principal and interest falling due from August 1st, 2000 up to July 31, 2001 (US\$ 2.4 billion of which US\$ 40 million of ODA loans).

The rescheduling is structured on the so-called "Houston terms" : ODA credits are to be repaid over 20 years, with 10 years of grace, at interest rates at least as favourable as the concessional rates applying to those loans ; commercial credits are to be repaid over 18 years, with 3 years of grace, with progressive repayments, at market rates of interest. So as to ensure more equal payments among creditors, part of the consolidated amounts representing US\$ 2.76 billion will be rescheduled over a period of 9 years beginning in 2001. In addition, part of the consolidated amounts consisting of US\$ 0.62 billion of arrears and 2000 maturities on post-cut-off-date debt will be rescheduled over a period of 5 years beginning in 2001. Paris Club creditors agreed on an exceptional basis to capitalise the interest falling due on this rescheduling during the consolidation period (August 1st, 2000 – July 31, 2001). The attached tables describe the estimated principal repayment profile resulting from this rescheduling.

As a result of this agreement, the debt service due by Nigeria to Paris Club creditors will be reduced to US\$ 1 billion in 2001.

On a voluntary and bilateral basis, each creditor may also undertake debt for nature, debt for aid, debt for equity swaps or other debt swaps.

This debt restructuring is expected to make an important contribution to Nigeria's economic outlook and will satisfy Nigeria's financing requirements from August 1st, 2000 up to July 31, 2001. This debt rescheduling will enter into force on April 15, 2001, unless Nigeria's track-record with the International Monetary Fund and the Paris Club is not considered satisfactory.

In addition, looking forward to Nigeria's negotiation of a follow-on program with the IMF, and subject to satisfactory implementation of the current IMF program and Paris Club agreement, Paris Club creditors also agreed in principle to consider possible options in further restructuring of Nigeria's debt falling due after July 31, 2001 consistent with Nigeria's medium and long term capacity to repay. As is standard in Paris Club agreements, this possible future restructuring would include a comparability of treatment provision.

Contact : François PÉROL, General Secretary of the Paris Club
Tel. : 33.1 44.87.73.61 – Fax : 33.1 53.18.36.04

Background notes

1. The Paris Club was formed in 1956. It is an informal group of creditor governments from major industrialized countries. It meets on a monthly basis in Paris with debtor countries in order to agree with them on restructuring their debts.

2. The members of the Paris Club which participated in the reorganization of Nigeria's debt were representatives of the governments of Austria, Belgium, Brazil, Denmark, Finland, France, Germany, Israel, Italy, Japan, the Netherlands, the Russian Federation, Spain, Switzerland, the United Kingdom and the United States of America.

Observers at the meeting were representatives of the governments of Canada and Norway as well as the International Monetary Fund, the International Bank for Reconstruction and Development, the Secretariat of the U.N.C.T.A.D., the African Development Bank and the Organization for Economic Cooperation and Development.

The delegation of the Federal Republic of Nigeria was headed by Mr Philip Asiodu, Chief Economic Adviser to the President. The meeting was chaired by Mr Bruno Bézard, Deputy Assistant Secretary at the Treasury of the French Ministry of Economy, Finance and Industry, Vice President of the Paris Club.

Technical notes

1. The stand-by arrangement concluded by Nigeria with the International Monetary Fund was approved by the Fund's Executive Board on August 4, 2000.

2. The total stock of Nigeria's public sector has been estimated as at December 31, 2000 at US\$ 33.5 billion, out of which US\$ 24.5 billion due to the Paris Club (source: IMF staff report and Paris Club creditors). Paris Club creditors' stock of debt is divided into US\$ 23.1 billion pre-cut-off-date claims (out of which 2% ODA) and US\$ 1.4 billion post-cut-off-date claims (out of which 27% ODA).

The cut-off date (October 1st, 1985 for Nigeria) is used by Paris Club creditors for the sole internal purposes of the Paris Club agreement. When a debtor country first meets with Paris Club creditors, the "cut-off-date" is defined and is not changed in subsequent Paris Club treatments and credits granted after this cut-off-date are not subject to future rescheduling. Thus, the cut-off-date helps restore access to credit for debtor countries facing liquidity problems.

3. Interest rates to be applied on the restructuring are to be negotiated with each creditor country by the Government of Nigeria in bilateral agreements implementing the Paris Club agreement. Official development assistance loans will be rescheduled at a below-market interest rate not higher than the interest rate of the original credits. Other loans will be rescheduled at a market interest rate (known as "appropriate market rate") defined on the basis of risk-free rates for the currency considered, plus a management margin.

4. The impact of this rescheduling on the net present value of the restructured claims is estimated to be neutral for a discount rate equal to the Paris Club appropriate market rate. It is estimated to be, for a discount rate that includes the current spreads on emerging market debt, a 40% reduction and, for a discount rate reflecting current spreads on Nigeria's external market debt, a 65% reduction. The impact of this rescheduling on the duration (discounted average maturity) of restructured claims is estimated to be an 8 year increase using the Paris Club appropriate market rate as a discount rate, a 6 year increase using the emerging market spreads, and a 4 year increase using a Nigeria's market spreads. Taking into account the fact that most of the restructured debt is in arrears and that it was due several years ago, actual changes in net present value and duration are larger.

Nigeria's external debt rescheduling**Repayment of principal of ODA debt**

	ODA
2001	5,10%
2002	6,18%
2003	6,57%
2004	6,97%
2005	7,36%
2006	2,63%
2007	0,91%
2008	0,91%
2009	0,79%
2010	0,00%
2011	3,13%
2012	6,26%
2013	6,26%
2014	6,26%
2015	6,26%
2016	6,26%
2017	6,26%
2018	6,26%
2019	6,26%
2020	6,26%
2021	3,13%

Repayment of principal of non-ODA debt

	NON ODA
2001	2,90%
2002	3,35%
2003	3,40%
2004	3,78%
2005	4,51%
2006	4,44%
2007	3,25%
2008	3,84%
2009	4,30%
2012	5,27%
2013	5,98%
2014	6,72%
2015	7,47%
2016	8,24%
2017	9,02%
2018	9,83%
2019	5,22%

Vice President of the Paris Club

Paris, December 13, 2000

Mr Asiodu,

a) The US\$ 700 million referred to in Article II, paragraph 2.A/ a) of the Agreed Minute dated December 13, 2000 between Paris Club creditors and the Government of the Federal Republic of Nigeria will be broken down among Participating Creditor Countries as follows :

- US\$ 1.119 million to the Government of Austria ;
- US\$ 1.801 million to the Government of Belgium ;
- US\$ 12.228 million to the Government of Brazil ; *
- US\$ 25.289 million to the Government of Denmark ;
- US\$ 19.833 million to the Government of France ;
- US\$ 301.038 million to the Government of Germany ;
- US\$ 115.204 million to the Government of Italy ;
- US\$ 107.797 million to the Government of Japan ;
- US\$ 82.066 million to the Government of Netherlands ;
- US\$ 1.144 million to the Government of the Russian Federation ; *
- US\$ 13.235 million to the Government of Spain ;
- US\$ 0.705 million to the Government of Switzerland ;
- US\$ 14.826 million to the Government of the United Kingdom ;
- US\$ 3.715 million to the Government of the United States of America.

b) the US\$ 120 million referred to in Article II, paragraph 2.A/ b) of the Agreed Minute dated December 13, 2000 between Paris Club creditors and the Government of the Federal Republic of Nigeria will be broken down among Participating Creditor Countries as follows :

- US\$ 1.788 million to the Government of Austria ;
- US\$ 2.325 million to the Government of Belgium ;
- US\$ 0.863 million to the Government of Brazil ;
- US\$ 1.917 million to the Government of Denmark ;
- US\$ 0.018 million to the Government of Finland ;
- US\$ 21.622 million to the Government of France ;
- US\$ 18.688 million to the Government of Germany ;
- US\$ 11.447 million to the Government of Italy ;
- US\$ 0.515 million to the Government of Israel ;
- US\$ 19.388 million to the Government of Japan ;
- US\$ 6.183 million to the Government of Netherlands ;
- US\$ 0.230 million to the Government of the Russian Federation ;
- US\$ 0.870 million to the Government of Spain ;
- US\$ 0.883 million to the Government of Switzerland ;
- US\$ 33.263 million to the Government of the United Kingdom.


Mr Asiodu

Head of the Delegation of the Federal Republic of Nigeria

c) the US\$ 2.76 billion referred to in Article II, paragraph 2.A/ c) of the Agreed Minute dated December 13, 2000 between Paris Club creditors and the Government of the Federal Republic of Nigeria will be broken down among Participating Creditor Countries as follows :

- US\$ 34.283 million to the Government of Austria ;
- US\$ 56.661 million to the Government of Belgium ;
- US\$ 16.279 million to the Government of Brazil ;
- US\$ 46.393 million to the Government of Denmark ;
- US\$ 545.458 million to the Government of France ;
- US\$ 584.682 million to the Government of Germany ;
- US\$ 262.799 million to the Government of Italy ;
- US\$ 422.447 million to the Government of Japan ;
- US\$ 182.258 million to the Government of Netherlands ;
- US\$ 1.374 million to the Government of the Russian Federation ;
- US\$ 25.903 million to the Government of Spain ;
- US\$ 22.283 million to the Government of Switzerland ;
- US\$ 436.504 million to the Government of the United Kingdom ;
- US\$ 122.676 million to the Government of the United States of America.

Please accept, Mr Asiodu, the assurances of my highest esteem.



Bruno Bézard