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3rd Agreed Minute

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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, France, the Federal Republic of Germany, Israel, Italy, Japan, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom and the United States of America, hereinafter referred to as "Participating Creditor Countries", met in Paris on January 17 and 18, 1991 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, Finland and Ireland, as well as the International Monetary Fund, the International Bank for Reconstruction and Development, 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 serious economic and financial difficulties faced by its country and its strong determination to reduce the economic and financial imbalances and to attain the targets of the program supported by the stand-by arrangement with the International Monetary Fund.
3. The representatives of the International Monetary Fund 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 January 9, 1991. This stand-by arrangement, covering the period ending on April 6, 1992, 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 and 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 and foreign exchange management.

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:

- a) commercial credits guaranteed or insured by the Governments of the Participating Creditor Countries or their appropriate institutions, having an original maturity of more than one year, and which were extended to 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 1, 1985;
- b) loans from Governments or appropriate institutions of the Participating Creditor Countries, having an original maturity of more than one year, and which were extended to 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 1, 1985;

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3. Rate of interest

The rates and the conditions of 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 paragraphs 2 and 3 above, without any deduction for taxes, fees and other public charges or any other costs, accruing inside or outside Nigeria.

III - GENERAL RECOMMENDATIONS

1. In order to secure comparable treatment of public and private external creditors on their debts, the Government of the Federal Republic of Nigeria commits itself to seek from its external creditors, including banks and suppliers, rescheduling or refinancing arrangements on terms comparable to those set forth in this Agreed Minute for credits of comparable maturity, making sure to avoid inequality between different categories of creditors.

2. The Government of the Federal Republic of Nigeria will seek to secure from each of the creditor countries not participating in this Agreed Minute rescheduling or refinancing arrangements on terms comparable to those set forth in this Agreed Minute. The Government of the Federal Republic of Nigeria agrees not to accord any such creditor country repayment terms more favourable than those accorded to the Participating Creditor Countries.

3. The Government of the Federal Republic of Nigeria agrees that it will promptly negotiate rescheduling or refinancing arrangements with all other creditors on debts of a comparable term.

The Government of the Federal Republic of Nigeria will inform in writing the Chairman of the Paris Club not later than August 31, 1991 of the progress made for this purpose in negotiations with other creditors.

4. The provisions set forth in this Agreed Minute do not apply to creditor countries with principal and interest falling due during the reorganization period on debts specified in Article II paragraph 1, including arrears, of less than SDR 1,500,000. The payments owed to these countries should be made on the original due dates. Payments already due and not paid should be made as soon as possible and, in any case, not later than May 31, 1991.

5. Each of the Participating Creditor Countries agrees to make available, upon the request of another Participating Creditor Country, a copy of its bilateral agreement with the Government of the Federal Republic of Nigeria which implements this Agreed Minute. The Government of the Federal Republic of Nigeria acknowledges this arrangement.

6. Each of the Participating Creditor Countries agrees to inform the Chairman of the Paris Club of the date of the signature of its bilateral agreement, of the interest rates, of the amounts of debts involved and of any implementation of debt conversions in application of paragraph II 2. c) above. The Government of the Federal Republic of Nigeria acknowledges this arrangement.

7. The Government of the Federal Republic of Nigeria will inform the Chairman of the Paris Club of the content of its bilateral agreements with creditors mentioned in paragraphs 1, 2 and 3 above.

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8. 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 or on credits extended or guaranteed by the Governments of the Participating or Observer Creditor Countries or their appropriate institutions, and not covered by this Agreed Minute, as follows:

- the amounts of principal and interest due as at September 30, 1990 inclusive and not paid on the previous consolidation agreements concluded or due to be concluded according to the Agreed Minutes dated December 16, 1986 and March 3, 1989 will be paid not later than February 28, 1991;
- and the other amounts will be paid as soon as possible and, in any case, not later than May 31, 1991.

Late interest will be charged on all those amounts.

9. The Government of the Federal Republic of Nigeria guarantees free and unrestricted access to the foreign exchange, 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 or Observer Creditor Countries or their appropriate institutions, and not subject to the present consolidation.

As regards 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 of Nigeria will allow the immediate transfer of the foreign exchange counterpart of these deposits at the rate of exchange prevailing when such payments in local currency were made by the private debtors, provided that applications, made at that time for transfer, were in compliance with the Nigerian law.

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(s) 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.
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 August 31, 1991.

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4. The provisions of the present Agreed Minute will continue to apply provided that the Government of the Federal Republic of Nigeria continues to have an arrangement with the International Monetary Fund in the upper credit tranches.

They will be null and void if the first review of the program under the stand-by arrangement has not been completed by the Executive Board of the International Monetary Fund by July 31, 1991 or if the arrears as at December 31, 1990 on previous consolidation agreements implementing the Agreed Minutes dated December 16, 1986 and March 3, 1989 have not been paid by May 31, 1991.

For this purpose, the Government of the Federal Republic of Nigeria agrees that the International Monetary Fund inform the Chairman of the Paris Club regarding the status of the Federal Republic of Nigeria's relations with the International Monetary Fund.

5. To facilitate the implementation of this Agreed Minute as well as those of December 16, 1986 and March 3, 1989, the Government of the Federal Republic of Nigeria will deposit in the special account established with the Bank of England the equivalent of at least SDR 80 million at the end of each month, commencing in February 1991 through March 1992 inclusive. The Government of the Federal Republic of Nigeria undertakes to have this bank notify the Chairman of the Paris Club as soon as each deposit has been made. The total amount approximates the amounts estimated to be payable to all Participating Creditor Countries through March 31, 1992 inclusive under the terms of the bilateral agreements to be concluded pursuant to this Agreed Minute and those of December 16, 1986 and March 3, 1989. As specific payments under these agreements become due, the Government of the Federal Republic of Nigeria will draw on the special account to meet these payments; no drawing on the special account will be made for any other use before all payments due through March 31, 1992 inclusive under these agreements have been made. Any drawing on this account will be made after a previous 15-day notice to the Bank of England, which this bank will notify immediately to the Chairman of the Paris Club. This scheme could be continued by agreement between the parties.

6. In response to the request of the representatives of the Government of the Federal Republic of Nigeria, the Participating Creditor Countries agreed in principle to a meeting to consider the matter of the Federal Republic of Nigeria's debt service payments falling due after March 31, 1992, and relating to loans or credits pursuant to a contract or other financial arrangement concluded before October 1, 1985 provided:

- that the Federal Republic of Nigeria continues to have an arrangement with the International Monetary Fund in the upper credit tranches;
- that the Federal Republic of Nigeria has reached with banks and other creditors effective arrangements meeting the conditions described in Article III paragraphs 1, 2 and 3 above and has reported in writing to the Chairman of the Paris Club, pursuant to Article III paragraphs 3 and 7 above;
- and that the Federal Republic of Nigeria has complied with all conditions set out in this Agreed Minute.

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

Done in Paris, on January 18, 1991,
in two versions, English and French,
both texts equally authentic,

The Chairman
of the Paris Club

The Head of the Delegation
of the Federal Republic of Nigeria

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Delegation of Austria

W. Schuber

Delegation of Israel

GABBY

Delegation of Belgium

Alman

Delegation of Italy

Alfano/Leon

Delegation of Brazil

Luiz

Delegation of Japan

Yasuo

Delegation of Denmark

M. Lise

Delegation of the Netherlands

Alida van R.

Delegation of France

N. Sachet

Delegation of Norway

H. Ruytten

Delegation of the Federal Republic of Germany

Arndt. Kohl

Delegation of Spain

Jose

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Delegation of Sweden

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Delegation of the United Kingdom

Peter Mountfield

Delegation of Switzerland

Ferber

Delegation of the United States
of America

Joseph A. Salomon