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Chile: World Bank Approves \$130 Million Loan For Financial Reform & Commercial Foreign Debt Reduction

by John Neagle

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On Dec. 15, the World Bank approved a \$130 million loan for Chile's financial reform and commercial foreign debt reduction programs under an agreement with the bank creditors finalized in November. A total of \$80 million is to be disbursed immediately. Since 1985 Chile has reduced its foreign debt from \$14.7 billion to \$8.6 billion through debt-equity transactions and other buyback schemes. The main objective of the loan is to support financial markets by strengthening securities markets and the banking system, and by providing medium- and long-term funding for the emerging leasing sector. A statement by the Bank said Chile is also to receive technical assistance to be financed exclusively by a \$1.9 million grant from Japan. The statement said the \$130 million loan is for 17 years, including a five-year grace period, and a variable interest rate currently at 7.74%. (Basic data from AFP, 12/15/89)

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