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Inter-American Development Bank Policy Statement On Debt & Debt Service Reduction Assistance

by Barbara Khol
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According to a recent policy statement by the Inter-American Development Bank (IDB), in 1991-1993 the IDB plans to disburse $22.5 billion in loans to Latin American and Caribbean nations. Of the total, about 25%, or $5.562 billion, have been tentatively allocated to foreign debt reduction programs. Money for debt principal and debt service reduction will be forthcoming if a beneficiary government has provided evidence of sound structural adjustment policies, and that debt reduction is essential to meeting medium-term objectives. In addition to IDB resources, the report pointed out that the World Bank plans to loan $12 billion over the three-year period for debt reduction programs in developing nations. Debt reduction mechanisms to be supported by the IDB include buy-backs in the secondary financial market, and exchanging debt paper for par or discounted bonds. (Basic data from Notimex, 04/11/91)

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