

Mozambique reschedules debts

Market South East

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Mozambique has rescheduled its debts with Sweden and South Africa. The first agreement was signed on 13 September with the South African Reserve Bank to reschedule the Mozambican debt worth R40m (£9m). Both sides said that the rescheduling terms were "highly concessional", but declined to reveal the interest rates.

The debt is payable in 20 years, with a 10-year grace period. The debt is related to loans rendered by the bank to the agriculture sector in Mozambique at the beginning of the current decade.

The agreement signed with Sweden on 19 September involved the rescheduling of a £2.4m debt.

Under the agreement, Mozambique will not be charged interest.

Sweden's development assistance to Mozambique is estimated at £74m per year and is mainly channelled to industrial rehabilitation, balance of payment and import support.

The total amount of Mozambique foreign debt is now calculated at \$4.3bn and has been growing steadily despite the introduction of an IMF-sponsored economic recovery programme in 1987.