



PRESS RELEASE

**PARIS CLUB CREDITORS AGREE TO PROVIDE 100% DEBT RELIEF
TO AFGHANISTAN**

The representatives of the Paris Club creditor countries and of the Islamic Republic of Afghanistan agreed on 17 March 2010 on a debt cancellation following Afghanistan's having reached its Completion Point under the enhanced initiative for the Heavily Indebted Poor Countries (enhanced HIPC Initiative) on 27 January 2010.

As a contribution to restoring the Islamic Republic of Afghanistan's debt sustainability, Paris Club creditors decided to cancel USD 441 million, which represents the Paris Club's share of the effort in the framework of the enhanced HIPC Initiative. Creditors welcome and support the Islamic Republic of Afghanistan's commitment to seek comparable treatment from all their other external creditors (including other creditor countries).

Paris Club creditors also committed on a bilateral and voluntary basis to provide an additional effort of USD 585 million, delivering a 100% debt relief. The Islamic Republic of Afghanistan committed to allocate the resources freed by the present debt relief to priority areas identified in the country's poverty reduction strategy and to achieve Millennium Development Goals.

Paris Club creditors welcomed the Islamic Republic of Afghanistan's determination to implement a comprehensive poverty reduction strategy and an ambitious economic programme providing the basis for sustainable economic growth in the context of a difficult global economic environment.

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 restructuring of the Islamic Republic of Afghanistan's debt were representatives of the Governments of Germany, the Russian Federation and the United States of America.

Observers at the meeting were representatives of the Governments of Australia, Canada, Denmark, France, Japan, the Netherlands, Sweden, Switzerland and the United Kingdom, as well as the International Monetary Fund (IMF), the International Development Association (IDA) and the Secretariat of the UNCTAD.

3. The delegation of the Islamic Republic of Afghanistan was headed by Dr. Omar ZAKHILWAL, Minister of Finance. The meeting was chaired by Mr. Remy RIOUX, Vice Chairman of the Paris Club, Deputy Assistant Secretary at the Treasury and Economic Policy Department of the French Ministry of Economy, Industry and Employment.

Technical notes

1. The Islamic Republic of Afghanistan's economic program is supported by an arrangement under the Extended Credit Facility approved in June 2006.

2. The Islamic Republic of Afghanistan's public external debt was estimated to be USD 2,104 million in nominal value as of 20 March 2009 (source: IMF and IDA documents). At the same date, the Islamic Republic of Afghanistan's public external debt due to Paris Club creditors was estimated to be USD 1,026 million (source : Paris Club).