



PRESS RELEASE

PARIS CLUB CREDITORS CANCEL BURUNDI'S DEBT

The representatives of the Paris Club creditor countries and the representatives of the Republic of Burundi agreed on 11 March 2009 on a substantial reduction of the stock of debt of the Republic of Burundi, this country having reached its Completion Point under the enhanced initiative for the Heavily Indebted Poor Countries (enhanced HIPC Initiative) on 29 January 2009.

Paris Club creditors welcomed the Republic of Burundi'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.

As a contribution to restoring the Republic of Burundi's debt sustainability, they decided to cancel USD 129.5 million, that is to say 96% of the debt stock at end 2008, which represents the Paris Club's share of the effort in the framework of the enhanced HIPC Initiative. In addition, creditors also committed on a bilateral basis to cancel the remaining USD 4.8 million.

As a result of this agreement and additional bilateral assistance, the Republic of Burundi's debt to Paris Club creditors will be entirely cancelled.

The Republic of Burundi committed to allocate the resources freed by the present debt cancellation to priority areas identified in the country's poverty reduction strategy.

Creditors welcome and support the Republic of Burundi's commitment to seek comparable treatment from all their other external creditors (including other creditor countries and commercial creditors).

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 Republic of Burundi's debt were representatives of the Governments of Belgium, Denmark, France, Germany, Italy, Japan, the Netherlands, the Russian Federation and the United Kingdom.

Observers at the meeting were representatives of the Governments of Canada, Finland and the United States of America as well as the International Monetary Fund (IMF), the International Development Association (IDA), the African Development Bank and the Secretariat of UNCTAD.

The delegation of the Republic of Burundi was headed by Mrs Clotilde NIZIGAMA, Minister of Finance. The meeting was chaired by Mr Julien RENCKI, 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 Republic of Burundi's economic program is supported by an arrangement under the Poverty Reduction and Growth Facility (PRGF).

2. The Republic of Burundi's public external debt was estimated to be USD 1466 million in nominal value at end December 2007 (source: IMF and IDA documents). At the end of 2008, the Republic of Burundi's public external debt due to Paris Club creditors was estimated to be USD 134 million.

3. IDA-administered EU loans are included in this treatment.