



PRESS-RELEASE

THE PARIS CLUB REDUCES THE DEBT SERVICE OF THE UNION OF THE COMOROS BY AROUND 80% FOR THE PERIOD OF THE CURRENT IMF PRGF PROGRAM. A FURTHER 50% REDUCTION IN THE REMAINING DEBT SERVICE DUE WILL BE GRANTED UPON REACHING THE HIPC DECISION POINT.

Paris Club creditors agreed on 19th November 2009 with the Government of the Union of the Comoros to a restructuring of its public external debt, following the approval of an arrangement under the Poverty Reduction and Growth Facility by the International Monetary Fund on 21st September 2009.

This agreement treats US\$ 13 million. This amount consists of arrears in principal and interest (including late interest) as at 30 June 2009 and of maturities in principal and interest falling due from 1st July 2009 up to 30th June 2012.

The agreement is concluded under the so-called "Naples terms": pre-cut off date ODA credits are to be repaid over 40 years, with 16 years of grace, at interest rates at least as favourable as the original concessional rates applied to those loans; 67% of pre-cut off date commercial credits are cancelled; the remaining amounts are rescheduled over 23 years, with 6 years of grace, at market interest rates.

On an exceptional basis, considering the Union of the Comoros' limited capacity of payment, further constrained by a harsh global economic context, creditors agreed to defer senior debt (not usually treated by the Paris Club), so that the overall payments expected from the Union of the Comoros between 1st July 2009 and 30th June 2012 will be reduced by around 80%.

Creditors agreed on a further reduction of 50% of the debt service of the Union of the Comoros should the country reach its decision point under the HIPC initiative.

The Government of the Union of the Comoros has committed to seek from its other external creditors, a comparable treatment.

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 reorganization of the Union of the Comoros's debt were representatives of the governments of Belgium, Denmark, France, Germany, Italy, the Netherlands and the United Kingdom.

Observers at the meeting were representatives of the governments of Japan, the Russian Federation, Spain and the United States of America as well as the International Monetary Fund (IMF), the International Bank for Reconstruction and Development, the African Development Bank and the Secretariat of the UNCTAD.

The delegation of the Union of the Comoros was headed by Dr Ikilou DHOININE, Vice President in charge of the Ministry of Finance. The meeting was chaired by Ms. Delphine d'AMARZIT, Co Chairperson of the Paris Club, Assistant Secretary at the Treasury and Economic Policy Department of the French Ministry of Economy, Industry and Employment.

Technical notes

1. An arrangement under the Poverty Reduction and Growth Facility in support of the Union of the Comoros's economic program was approved by the International Monetary Fund on 21 September 2009.

2. The total stock of the Union of the Comoros's public sector debt was estimated as of 2009 to be US\$ 254 million (source: IMF and World Bank). The stock of debt owed to Paris Club creditors as at 1st August 2009 was estimated to be US\$ 16 million.

The cut off date (20 June 1999 for the Union of the Comoros) is used by Paris Club creditors for the sole internal purposes of the Paris Club agreement. When a debtor country first meets with Paris Club creditors, the "cut off date" is defined and is not changed in subsequent Paris Club treatments and credits granted after this cut off date are not subject to rescheduling. Thus, the cut off date helps restore access to credit for these debtor countries.