



PRESS RELEASE

THE PARIS CLUB AND COTE D'IVOIRE AGREE TO A DEBT RESTRUCTURING UNDER THE ENHANCED HEAVILY INDEBTED POOR COUNTRIES INITIATIVE

Paris Club creditors agreed on 15 May 2009 with the Government of the Republic of Côte d'Ivoire on a restructuring of its external public debt, this country having reached its Decision Point under the enhanced initiative for the Heavily Indebted Poor Countries (enhanced HIPC Initiative) in March 2009.

This agreement has been concluded under the so called "Cologne terms" designed by the Paris Club for the implementation of the HIPC initiative interim debt relief. This leads to the immediate cancellation of USD 845 million.

On an exceptional basis, considering Côte d'Ivoire's limited capacity of payment, and provided that this country continues to implement satisfactorily its IMF supported program, creditors have also agreed to defer the repayment of the arrears accumulated by Côte d'Ivoire on post cut-off date debts, as well as maturities falling due during the consolidation period under the post cut-off date debts and the moratorium interest due during the consolidation period on the rescheduled and deferred amounts. The repayment of most of these amounts will start after April 2012.

This agreement is expected to reduce debt service due to Paris Club creditors during the IMF supported programme from USD 4692 million to USD 391 million, i.e. a reduction of 92%.

Several creditors intend on a bilateral basis to grant additional debt relief to Côte d'Ivoire beyond the terms set today in the Paris Club agreement.

Côte d'Ivoire is committed to devote these resources to priority areas identified in the country's poverty reduction strategy paper. Côte d'Ivoire is also committed to seek comparable treatment from its private and non Paris Club bilateral creditors.

Paris Club creditor countries expressed their commitment to implement the final component of debt relief contemplated under the enhanced HIPC initiative, as soon as Côte d'Ivoire reaches the Completion Point.

Background notes

1. The Paris Club was formed in 1956. It is an informal group of creditor governments from major industrialized countries.

2. The members of the Paris Club which participated in the reorganization of Côte d'Ivoire's debt were representatives of the governments of Austria, Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Norway, Spain, Switzerland, the United Kingdom and the United States of America. Brazil also participated in this reorganization.

Observers at the meeting were representatives of the governments of Finland and the Russian Federation, as well as the International Monetary Fund, the International Development Association and the African Development Bank.

3. The delegation of Côte d'Ivoire was headed by Mr. Charles KOFFI DIBY, Minister of Economy and Finance. The meeting was chaired by Mr. Ramon FERNANDEZ, Chairman of the Paris Club, head of the Treasury and Economic Policy Department of the French Ministry of Economy, Industry and Employment.

Technical notes

1. Côte d'Ivoire's economic program is supported by a three year arrangement under the Poverty Reduction and Growth Facility approved by the International Monetary Fund on 27 March 2009. Côte d'Ivoire reached the decision point under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative in March 2009.

2. The stock of debt owed to Paris Club creditors as of 1st January 2009 was estimated to be approximately USD 7.21 billion in nominal terms, of which 42% consisted of debt granted after the cut-off date.

3. The cut-off date (1st July 1983 for Côte d'Ivoire) is defined when a debtor country first meets with Paris Club creditors. It is not changed in subsequent Paris Club treatments.

4. This agreement consolidates around USD 4.69 billion of which USD 2.57 billion comprises claims granted after the cut-off date. It cancels a total of USD approximately USD 845 million, reschedules approximately USD 1.23 billion and defers around USD 2.61 billion. On an exceptional basis, USD 179.24 million of moratorium interest accrued on the amounts rescheduled and deferred of the agreement will be deferred.

5. In accordance with Cologne terms, the credits granted under Official Development Assistance conditions before the cut-off date 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. Regarding commercial credits, 90% of the pre cut-off date debt is cancelled, the remaining amounts being rescheduled over 23 years, with 6 years of grace.