



**PRESS RELEASE**

**THE PARIS CLUB CANCELS ALMOST 100% OF CAMEROON'S DEBT**

1. The representatives of the Paris Club creditor countries met on 16 and 17 June 2006 and agreed to recommend to their Governments a substantial reduction of Cameroon's stock of debt.

The representatives of the creditor countries took note that Cameroon had reached the Completion point under the enhanced initiative for the Heavily Indebted Poor Countries (enhanced HIPC initiative) on April 28, 2006. They welcomed Cameroon's determination to implement a comprehensive poverty reduction strategy and an ambitious economic programme providing the basis for sustainable economic growth.

2. In order to contribute to restore Cameroon's debt sustainability, they decided to cancel US\$ 921 million in nominal terms, which represents the Paris Club's share of the effort in the framework of the enhanced HIPC Initiative.

Creditors also committed on a bilateral basis to grant additional debt relief to Cameroon so that the stock of the debt owed to Paris Club creditors will be reduced by a further US\$ 2554 million in nominal terms.

As a result of this agreement and additional bilateral assistance, Cameroon's debt to Paris Club creditors will be reduced from US\$ 3502 million to US\$ 27 million.

3. Cameroon committed to allocate the resources freed by the present treatment of the debt to priority areas identified in the country's poverty reduction strategy. Creditors welcome and support the Cameroonian Authorities' commitment to seek comparable treatment from all their other external creditors (including other creditor countries as well as 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 reorganization of Cameroon's debt were representatives of the Governments of Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, Spain, Sweden, Switzerland, the United Kingdom and the United States of America.

Observers at the meeting were representatives of the International Monetary Fund (IMF) and the International Development Association (IDA).

The delegation of Cameroon was headed by Mr Polycarpe Abah Abah, Minister of Economy and Finance. The meeting was chaired by Mr Ramon Fernandez, Deputy Assistant Secretary at the Treasury and Economic Policy Department of the French Ministry of Economy, Finance and Industry, Vice President of the Paris Club.

### **Technical notes**

1. Cameroon's economic program is supported by an arrangement under the Poverty Reduction and Growth Facility (PRGF).

2. Cameroon's public external debt was estimated to be US\$ 6.2 billion in nominal value as at end 2005 (source: IMF and IDA document, dated April 17, 2006 published on the IMF web site [www.imf.org](http://www.imf.org)). The debt owed to Paris Club creditors as of April 1, 2006 was estimated to be US\$ 3.5 billion in nominal value (source: Paris Club June 2006).