



## **PRESS RELEASE**

### **THE PARIS CLUB AGREES TO PROVIDE 100% DEBT RELIEF TO THE REPUBLIC OF LIBERIA**

The representatives of the Paris Club creditor countries met with representatives of the Government of the Republic of Liberia on 16 September 2010 and agreed on a debt cancellation for the Republic of Liberia following its Completion Point under the enhanced initiative for the Heavily Indebted Poor Countries (enhanced HIPC Initiative) reached on 29 June 2010.

Paris Club creditors welcomed the Republic of Liberia's determination to continue to implement a comprehensive poverty reduction strategy and an ambitious economic program providing the basis for sustainable economic growth.

In order to contribute to restore the debt sustainability of the Republic of Liberia, they decided to cancel USD 1 260 million in nominal terms, 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 107 million.

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

The Republic of Liberia committed to use the resources freed by this debt treatment to priority areas (health, education and basic infrastructures) identified in the country's poverty reduction strategy.

Creditors welcomed and supported the Government of the Republic of Liberia'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 reorganization of the Republic of Liberia's debt were representatives of the governments of Belgium, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States of America.

Observers at the meeting were representatives of the government of the Russian Federation, as well as the International Monetary Fund (IMF), the International Development Association (IDA), and the Secretariat of the UNCTAD.

3. The delegation of the Republic of Liberia was headed by Mr Augustine NGAFUAN, Minister of Finance. The meeting was chaired by Ms. Delphine d'AMARZIT, Co Chairperson of the Paris Club, Assistant Secretary at the Directorate-General of the Treasury of the French Ministry of Economy, Finance and Employment.

### **Technical notes**

1. The Republic of Liberia's economic program is supported by an arrangement under the Extended Credit Facility approved by the Executive Board of the International Monetary Fund (IMF) on 14 March 2008.

2. The Republic of Liberia's public external debt was estimated to be USD 4.4 billion as of end June 2007 (source: IMF and IDA documents). The debt owed to Paris Club creditors was estimated to be USD 1.4 billion as of 1st January 2010 (source: Paris Club).

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