



PRESS RELEASE

THE PARIS CLUB CANCELS ALMOST 100% OF THE DEBT OF THE CENTRAL AFRICAN REPUBLIC

The representatives of the Paris Club creditor countries and of the Central African Republic agreed on 15 September 2009 on a reduction of the debt following Central African Republic's having reached its Completion Point under the enhanced initiative for the Heavily Indebted Poor Countries (enhanced HIPC Initiative) on 30 June 2009.

As a contribution to restoring the Central African Republic's debt sustainability, Paris Club creditors decided to cancel US\$ 49.2 million, which represents the Paris Club's share of the effort in the framework of the enhanced HIPC initiative. The stock of debt due to Paris Club creditors by the Central African Republic was estimated to be around US\$ 59.3 million as of 1st June 2009.

Creditors welcome and support the Central African Republic's commitment to seek comparable treatment from all its external creditors.

Creditors also committed on a bilateral basis to grant additional debt relief for an amount of US\$ 6.5 million.

As a result of this agreement and additional bilateral efforts, the Central African Republic's debt to Paris Club creditors will be reduced from US\$ 59.3 million to US\$ 3.7 million.

Paris Club creditors welcomed the Central African Republic's determination to implement a comprehensive poverty reduction strategy and an ambitious economic program providing the basis for sustainable economic growth in the context of a difficult global economic environment.

The Central African Republic committed to allocate the resources freed by this debt treatment to priority areas identified in the country's poverty reduction strategy.

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 debt of the Central African Republic were representatives of the Governments of Austria, Belgium, Denmark, France, Germany, Italy, Japan, the Netherlands, the Russian Federation, Switzerland, the United Kingdom and the United States of America.

Observers at the meeting were representatives of the Government of Norway, as well as the International Monetary Fund (IMF), the International Development Association (IDA) and the African Development Bank.

3. The delegation of the Central African Republic was headed by Mr Abdalla-Kadre ASSANE, Delegate Minister for Finance and Budget in charge of Fiscal Revenue Mobilisation. 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, Finance and Employment.

Technical notes

1. The Central African Republic's economic program is supported by an arrangement under the Poverty Reduction and Growth Facility (PRGF) approved by the Executive Board of the International Monetary Fund (IMF) on 22 December 2006. The Central African Republic reached its Completion Point under the enhanced HIPC Initiative in June 2009.

2. The Central African Republic's public external debt was estimated to be US\$ 1 050 million as of end 2008 (source: IMF and IDA documents). The debt owed to Paris Club creditors was estimated to be US\$ 59.3 million as of 1st June 2009 (source: Paris Club).

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

4. The cut-off date (1st January 1983 for the Central African Republic) 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 normally not treated.