



PRESS RELEASE

THE PARIS CLUB AND HAITI AGREE TO A DEBT RESTRUCTURING UNDER THE ENHANCED HEAVILY INDEBTED POOR COUNTRIES INITIATIVE

Paris Club creditors agreed on 12 December 2006 with the Government of the Republic of Haiti to a restructuring of its external public debt. Given its track-record of reforms as well as the burden of its external indebtedness, Haiti reached in November 2006 the decision point under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative.

This agreement is concluded under "Cologne terms" designed by Paris Club for the implementation of the HIPC initiative interim debt relief.

This agreement consolidates around US\$ 69 million, of which US\$ 45 million consisting of arrears and late interest. This will lead to the immediate cancellation of US\$ 7.2 million. On an exceptional basis, this Agreement defers also 100% of the moratorium interest due over the consolidation period under the rescheduling. Repayment of the moratorium interest will be made after November 2010.

Haiti is committed to devote the resources freed by the present treatment of the debt on priority areas identified in the country's poverty reduction strategy paper.

Haiti is also committed to seek comparable treatment from non Paris Club creditors.

Paris Club creditor countries expressed their readiness to reduce further Haiti's stock of debt to allow it to reach the objective of debt sustainability, as soon as Haiti reaches the completion point under the enhanced HIPC initiative.

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 Haiti's debt were representatives of the governments of Belgium, Canada, Denmark, France, Germany, Italy, the Netherlands, Spain, the United Kingdom and the United States of America.

Observers at the meeting were representatives of the governments of Japan, Norway and Switzerland, as well as the International Monetary Fund, the International Development Association, the Inter-American Development Bank and the Secretariat of the UNCTAD.

The delegation of Haiti was headed by Mr. Daniel DORSAINVIL, Minister of Economy and Finance. The meeting was chaired by Mr. Ambroise FAYOLLE, Co Chairman of the Paris Club, Assistant Secretary at the Treasury and Economic Policy Department of the French Ministry of Economy, Finance and Industry.

Technical notes

1. Haiti's economic program is supported by a three year arrangement under the Poverty Reduction and Growth Facility approved by the International Monetary Fund on 20 November 2006. Haiti reached the decision point under the enhanced HIPC initiative in November 2006.

2. The stock of debt owed to Paris Club creditors as at 1st October 2006 was estimated to be US\$ 199 million.

3. Maturities commercial debts falling due between 1st November 2006 and 30 October 2009 will be treated so as to reach a 90% cancellation rate taking into account previous cancellations undertaken by Paris Club creditors; the remaining amounts are rescheduled over 23 years, with 6 years of grace. Credits granted under Official Development Assistance (ODA) will be rescheduled over 40 years including a 16 year grace period.