



PRESS RELEASE

PARIS CLUB REDUCES SENEGAL'S DEBT UNDER THE ENHANCED HIPC INITIATIVE

1. The representatives of the Paris Club creditor countries and of Brazil met on June 9, 2004, took note of the burden of Senegal's external debt and agreed to recommend to their Governments a reduction of its stock of debt.

The representatives of the creditor countries took note that, given its strong commitment to economic and structural reforms, Senegal had reached on April 19, 2004 its completion point under the enhanced Debt Initiative for the Heavily Indebted Poor Countries (Enhanced HIPC Initiative).

They welcomed Senegal's determination to implement a broad-based and rigorous economic program which should provide the basis for sustainable economic growth and comprehensive poverty reduction.

2. They decided to cancel US\$ 94 million in net present value terms which represents the Paris Club's share of the effort in the framework of the Enhanced HIPC Initiative.

Most creditors also committed on a bilateral basis to grant additional debt relief to Senegal so that the stock of the debt owed to Paris Club creditors will be reduced by a further US\$ 336 million in net present value terms.

3. Senegal committed to devote the resources freed by the present treatment of the debt to priority areas identified in the country's poverty reduction strategy and to seek comparable treatment from all its other external creditors (including other creditor countries as well as commercial creditors). Paris Club creditors emphasized the importance they attach to a treatment at least as favourable from non-Paris Club creditors to Senegal.

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 Senegal's debt were representatives of the governments of Belgium, Canada, France, Italy, the Netherlands, Norway, Spain, the United Kingdom and the United States of America. Brazil, a major creditor of Senegal, also took part in this reorganization.

Observers at the meeting were representatives of the governments of Denmark, Germany, Japan and the Russian Federation as well as the International Monetary Fund (IMF), the International Development Association (IDA), the African Development Bank and the OECD.

The delegation of Senegal was headed by Mr. Abdoulaye DIOP, Minister of Economy and Finance. The meeting was chaired by Mr. Ramon FERNANDEZ, Deputy Assistant Secretary at the Treasury of the French Ministry of Economy, Finance and Industry, Vice-President of the Paris Club.

Technical notes

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

Senegal reached its completion point under the enhanced HIPC Initiative on April 19, 2004.

2. The representatives of the creditor countries also agreed to include in the negotiation of Senegal's debt a voluntary debt swap clause.

3. The Senegal's public debt was estimated to be US\$ 2 538 million in net present value as at end 2002 (source : IMF and IDA documents, dated March 29, 2004 published on the IMF web site www.imf.org and on the World Bank web site www.worldbank.org/hipc). The debt owed to Paris Club creditors as of December 31, 2002 was estimated to be US\$ 586 million in net present value.

4. As in any Paris Club agreement, Senegal agreed to seek comparable treatment from non-Paris Club creditors and commercial creditors. The delegation of the Republic of Senegal indicated its willingness to meet these creditors soon in order to negotiate the terms of a future treatment.