



**PRESS RELEASE**

**PARIS CLUB CREDITORS CANCEL 100% OF SIERRA LEONE'S DEBT**

1. The representatives of the Paris Club creditor countries met on 24 January 2007 and took note that Sierra Leone had reached the Completion Point under the enhanced initiative for the Heavily Indebted Poor Countries (enhanced HIPC Initiative) on 15 December 2006. They welcomed Sierra Leone's determination to implement a comprehensive poverty reduction strategy and an ambitious economic programme providing the basis for sustainable economic growth.

2. As a contribution to restoring Sierra Leone's debt sustainability, they decided to cancel first US\$ 218 million, that is to say 91% of the debt stock at end 2006, which represents the Paris Club's share of the effort in the framework of the enhanced HIPC Initiative. Some creditors also committed on a bilateral basis to grant additional debt relief of US\$ 22 million to Sierra Leone.

As a result of this agreement and additional bilateral assistance, Sierra Leone's debt to Paris Club creditors will be entirely cancelled.

3. Sierra Leone committed to allocate the resources freed by the present debt cancellation to priority areas identified in the country's poverty reduction strategy. Creditors welcome and support the Authorities of Sierra Leone'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 Sierra Leone's debt were representatives of the Governments of Austria, Belgium, Denmark, France, Germany, Italy, Japan, the Netherlands, Norway, Switzerland, the United Kingdom and the United States of America.

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

The delegation of Sierra Leone was headed by Mr. John O. BENJAMIN, Minister of 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. All debt stock figures are computed in end 2000 net present value terms.

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

3. Sierra Leone's public external debt was estimated to be US\$ 1 573 million in nominal value at end December 2005 (source: IMF and IDA documents).

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