



PRESS RELEASE

**THE PARIS CLUB AGREES ON A REDUCTION OF THE DEBT
OF THE GAMBIA IN THE FRAMEWORK OF THE ENHANCED HEAVILY INDEBTED
POOR COUNTRIES INITIATIVE**

1. The representatives of the Paris Club creditor countries met on 24 January 2008 and agreed to recommend to their Governments a reduction of the stock of debt of the Republic of The Gambia, this country having reached its Completion Point under the enhanced initiative for the Heavily Indebted Poor Countries (enhanced HIPC Initiative) in December 2007.

They welcomed the Republic of The Gambia's determination to implement a comprehensive poverty reduction strategy and an ambitious economic programme providing the basis for sustainable economic growth.

2. The stock of debt due to Paris Club creditors by the Republic of The Gambia was estimated to be around US\$ 40 million in nominal value as of 1st December 2007.

In order to contribute to restore the debt sustainability of the Republic of The Gambia, they decided to cancel US\$ 11.64 million in nominal terms, that is to say the pre-cut off date debt in its entirety and part of the post-cut off date debt. This cancellation represents the Paris Club's share of the effort in the framework of the enhanced HIPC Initiative, as defined by the International Monetary Fund and the International Development Association.

3. The Republic of The Gambia committed to allocate the resources freed by this debt treatment to priority areas identified in the country's poverty reduction strategy. The authorities of the Republic of The Gambia committed also to seek comparable treatment from all their other external creditors.

Contact: Thomas COURBE, Secretary General of the Paris Club

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 Gambia were representatives of the Governments of Austria, Belgium, Denmark, France, Germany, Italy, the Netherlands, Norway and the United Kingdom.

Observers at the meeting were representatives of the Governments of Japan, the Russian Federation and the United States of America, as well as the International Monetary Fund (IMF), the International Development Association (IDA), the African Development Bank and the Secretariat of UNCTAD.

The delegation of the Republic of The Gambia was headed by M. Mousa Gibril BALA-GAYE, Secretary of State for Finance and Economic Affairs. The meeting was chaired by Mr Julien RENCKI, Vice-President 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 Gambia'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 21 February 2007. The Gambia reached its Completion Point under the enhanced HIPC Initiative in December 2007

2. The Gambia's public external debt was estimated to be US\$ 452.6 million in nominal value as at end 1999 (source: IMF and IDA documents). The debt owed to Paris Club creditors was estimated to be US\$ 30.01 million as of end 1999 and US\$ 40.09 million in nominal value as of 1st December 2007 (source: Paris Club).

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

4. The cut off date (1st July 1986 for The Gambia) 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.