



## **PRESS RELEASE**

### **THE PARIS CLUB AGREES TO PROVIDE 100% DEBT RELIEF TO THE REPUBLIC OF CONGO**

The representatives of the Paris Club creditor countries and Brazil met with the Republic of Congo on 18 March 2010 and agreed on a reduction of the debt following the Republic of Congo having reached its Completion Point under the enhanced initiative for the Heavily Indebted Poor Countries (enhanced HIPC Initiative) on 27 January 2010.

As a contribution to restoring the Republic of Congo's debt sustainability, the agreement will provide a cancellation of USD 981 million, which represents the Paris Club and Brazil share of the effort under the enhanced HIPC initiative.

The case of the Republic of Congo raised the issue of non cooperative behavior from some litigating creditors. Paris Club creditors and Brazil expressed their concern over the past agreement between the Republic of Congo and some litigating creditors, and urged the Republic of Congo to seek from all its remaining external creditors a treatment comparable to HIPC debt relief.

Paris Club creditors also expressed their intention to grant additional debt relief to 100% on a bilateral basis for an amount of USD 1.4 billion.

As a result, the total debt relief will amount to USD 2.4 billion.

Paris Club creditors and Brazil welcomed the Republic of Congo's determination to implement a comprehensive poverty reduction strategy and an ambitious economic program providing the basis for sustainable economic growth.

The Republic of Congo committed to channel through a special account the resources freed by this debt treatment to priority areas (health, education and basic infrastructures) 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 Republic of Congo's debt were representatives of the governments of Belgium, Canada, Denmark, France, Germany, Italy, the Netherlands, the Russian Federation, Spain, Switzerland, the United Kingdom and the United States of America. Brazil also participated in this reorganisation and committed to provide its share of the effort under the Enhanced HIPC initiative.

Observers at the meeting were representatives of the government of Japan, as well as the International Monetary Fund (IMF), the International Development Association (IDA), the African Development Bank and the Secretariat of the UNCTAD.

3. The delegation of the Republic of Congo was headed by Mr Gilbert ONDONGO, Minister for Finance, Budget and Public Portfolio. The meeting was chaired by Mr Rémy RIOUX, 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 Republic of Congo's economic program is supported by an arrangement under the Extended Credit Facility approved by the Executive Board of the International Monetary Fund (IMF) on 8 December 2008.

2. The Republic of Congo's public external debt was estimated to be USD 5.6 billion as of end 2008 (source: IMF and IDA documents). The debt owed to Paris Club creditors and Brazil was estimated to be USD 2.5 billion as of 1st January 2010 (source: Paris Club).

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