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PRESS-RELEASE

THE PARIS CLUB AND GHANA AGREE TO A DEBT RESTRUCTURING.

Paris Club creditors agreed on December 10, 2001 with the Government of the Republic of Ghana to a restructuring of its public external debt. This Paris Club agreement follows the International Monetary Fund's approval of the third review under the Poverty Reduction and Growth Facility on June 28, 2001.

This agreement treats roughly US\$ 79 million of arrears as of May 31, 2001 and US\$ 120 million of maturities in principal and interest falling due from June 1st, 2001 up to January 31, 2002.

The agreement is concluded under the so-called "Naples terms": pre-cut off date ODA credits are to be repaid over 40 years, with 16 years of grace, at interest rates at least as favourable as the original concessional rates applying to those loans ; pre-cut off date commercial credits falling due during the consolidation period are treated so as to reach a 67% 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, at market rates of interest (see attached table).

On an exceptional basis, arrears as of May 31, 2001 and 70% of maturities falling due during the consolidation period on debt contracted between the cut-off date and June 20, 1999 will be deferred. The repayment will be made over 5 years. 100% of moratorium interest on deferred amounts will be capitalised.

This treatment will lead to the immediate cancellation by Paris Club creditors of about US\$ 27 million of Ghana's external debt. These measures are expected to reduce debt service due to Paris Club creditors between June 1st, 2001 and January 31, 2002 from US\$ 122 million down to US\$ 38 million. The remaining payments consist mainly of 30% of maturities on debt contracted after cut-off date and before June 20, 1999.

Ghana is expected to reach the decision point under the enhanced HIPC Initiative in early 2002. The creditor countries expressed their readiness in principle to fix then a new cut-off date that will be June 20, 1999 and to grant interim relief under Cologne terms of maturities falling due from the decision point to the completion point.

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 Ghana's debt were representatives of the governments of Austria, Belgium, Canada, Finland, France, Germany, Italy, Japan, the Netherlands, Norway, Spain, Sweden, the United Kingdom and the United States of America.

Representatives of the International Monetary Fund and of the International Development Association also attended the meeting as observers.

The Agreed Minute was signed for the Republic of Ghana by Mr Yaw Osafo-Mafo, Minister of Finance. The meeting was chaired by Mr Ambroise FAYOLLE, Deputy Assistant Secretary at the Treasury of the French Ministry of Economy, Finance and Industry, Vice President of the Paris Club.

Technical notes

1. Ghana's economic program is supported by an arrangement under the Poverty Reduction and Growth Facility approved by the International Monetary Fund on May 3, 1999.

2. The total stock of Ghana's public sector debt was estimated as of December 31, 2000 to be US\$ 5918 million (source : IMF and IDA document, dated June 12, 2001 published on the IMF web site www.imf.org). The stock of debt owed to Paris Club creditors as of December 2000 was estimated to be US\$ 1893 million out of which US\$ 79 million is pre-cut-off-date claims (out of which 55% is ODA) and US\$ 1814 million is post-cut-off-date claims (out of which 70% is ODA) (source : Paris Club).

The cut-off date (January 1st, 1983 concerning Ghana) is used by Paris Club creditors for the sole internal purposes of the Paris Club agreement. Credits granted after this cut-off date are in principle not subject to rescheduling. Thus, the cut-off-date helps restore access to credit for these debtor countries.

3. Interest rates to be applied on the restructuring are to be negotiated with each creditor country by the Government of Ghana in bilateral agreements implementing the Paris Club agreement. ODA loans will be rescheduled at a below-market interest rate not higher than the interest rate of the original credits. Other loans will be rescheduled at a market interest rate (known as "appropriate market rate") defined on the basis of risk-free rates for the currency considered, plus a management margin.

4. As in any Paris Club agreement, Ghana agreed to seek comparable treatment from non-Paris Club creditors. In the present case, the comparable treatment shall imply an equivalent assistance of non-Paris Club official creditors. The delegation of Ghana indicated its willingness to meet these creditors soon in order to negotiate the terms of a comparable rescheduling.