



PRESS RELEASE

THE PARIS CLUB AGREES ON A NEAR-TOTAL CANCELLATION OF THE DEBT OF THE REPUBLIC OF GUINEA UNDER THE FRAMEWORK OF THE ENHANCED HEAVILY INDEBTED POOR COUNTRIES INITIATIVE

Representatives of the Paris Club creditor countries met with representatives of the Government of the Republic of Guinea on 25 October 2012 and agreed on a debt cancellation, the Republic of Guinea having reached its Completion Point under the enhanced initiative for the Heavily Indebted Poor Countries (enhanced HIPC Initiative) on 26 September 2012.

In order to contribute to restoring the debt sustainability of the Republic of Guinea, Paris Club creditors decided to cancel USD 356.3 million in nominal terms, which represents the Paris Club's share of the cancellation effort called for in the framework of the enhanced HIPC Initiative. Creditors welcomed and supported the commitment of the Republic of Guinea to seek comparable treatment from all their other external bilateral and commercial creditors (including other creditor countries).

Paris Club creditors also confirmed their willingness to grant additional debt relief on a voluntary and bilateral basis for an amount of USD 299.6 million. The Paris Club agreement and additional bilateral efforts will result in a reduction of the debt of the Republic of Guinea to Paris Club creditors of 99.2%, i.e. USD 655.9 million.

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

The Republic of Guinea has committed to use the resources freed by this debt treatment for priority areas (including health, education and basic infrastructure) 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.

2. The members of the Paris Club which participated in the restructuring of the Republic of Guinea's debt were representatives of the governments of Austria, Belgium, Denmark, France, Germany, Italy, Japan, the Netherlands, Norway, the Russian Federation, Spain, the United Kingdom and the United States of America.

Observers at the meeting were representatives of the governments of Brazil and Canada, as well as the International Monetary Fund (IMF), the International Development Association (IDA), the African Development Bank (ADB) and the Organisation for Economic Co-operation and Development (OECD).

3. The delegation of the Republic of Guinea was headed by Mr. Kerfalla YANSANÉ, Minister of State in charge of Economy and Finance. The meeting was chaired by Mr. Arnaud BUISSÉ, Vice-Chairman of the Paris Club.

Technical notes

1. The Republic of Guinea's economic program is supported by a three year Arrangement under the Extended Credit Facility approved by the International Monetary Fund on 24 February 2012. The Republic of Guinea reached the Decision Point under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative in December 2000.

2. The external debt of the Republic of Guinea is estimated to be slightly over USD 3,190 million as of end 2011 (source: IMF and IDA documents). The debt owed to Paris Club creditors was estimated to be USD 661.3 million as of 1st September 2012 (source: Paris Club).