

March 12, 2003



PRESS RELEASE

**THE PARIS CLUB PROVIDES ITS CONTRIBUTION TO ENSURE THE
SUSTAINABILITY OF MALI'S EXTERNAL DEBT IN THE FRAMEWORK OF THE
ENHANCED HIPC INITIATIVE**

**THE PARIS CLUB AGREES ON A STOCK OF DEBT
REDUCTION OF US\$ 70 MILLION IN NET PRESENT VALUE TERMS**

1. The representatives of the Paris Club creditor countries agreed on March 12, 2003 to recommend to their Governments a reduction of Mali's stock of debt.

The representatives of the creditor countries took note that, given its strong commitment to economic and structural reforms as well as the burden of its external indebtedness, Mali had reached on March 6, 2003 its completion point under the enhanced Debt Initiative for the Heavily Indebted Poor Countries (Enhanced HIPC Initiative).

They welcomed Mali's determination to implement a broad-based and rigorous economic program which should provide the basis for sustainable economic growth and comprehensive poverty reduction.

2. The stock of debt due to Paris Club creditors was estimated to be US\$ 169 million as at March 1, 2003, in net present value terms at end 1998 (i.e. US\$ 276 million in face value), out of which US\$ 71 million was pre-cut off date debt (about US\$ 62 million are commercial credits). US\$ 98 million was post cut off date debt (out of which US\$ 27 million are commercial credits).

They decided to cancel US\$ 70 million, net present value terms at end 1998 (i.e. US\$ 145 million in face value). This effort represents the Paris Club agreed share of the effort decided by the Boards of the IMF and the IDA in the framework of the Enhanced HIPC Initiative. The effort on top of Naples terms is achieved through a cancellation of the entirety of pre-cut off date commercial credits and US\$ 5,4 million of post-cut off date commercial claims.

3. Furthermore, Mali is committed to devote the resources freed by the present treatment of the debt to priority areas identified in the country's poverty reduction strategy and to seek comparable treatment from all its other external creditors, including other creditor countries as well as commercial creditors. Paris Club Creditors emphasized the importance they attach to a treatment as favourable as possible from non-Paris Club creditors to Mali.

4. With this operation, Mali becomes the 7th country to complete the Paris Club process of debt reduction under the Enhanced HIPC Initiative, after Uganda, Bolivia, Mozambique, Tanzania, Burkina Faso and Mauritania.

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 Mali's debt were representatives of the Governments of France, Italy, Japan, the Netherlands, the Russian Federation, the United Kingdom and the United States of America.

Observers at the meeting were representatives of the Governments of Belgium, Canada, Germany and Spain as well as the International Monetary Fund, the International Development Association, the Secretariat of the UNCTAD and OECD.

The delegation of Mali was headed by Mr. Bassary Touré, Minister of Economy and 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. Mali's economic program is supported by a three year IMF arrangement under the Poverty Reduction and Growth Facility (PRGF), the fifth review was approved by the International Monetary Fund on February 28, 2003.

Mali reached its completion point under the enhanced HIPC Initiative on February 28, 2003 (IMF) and on March 6, 2003 (IDA).

2. The total stock of Mali's public sector debt was estimated to be US\$ 2 382 million in face value at end 2001(source : IMF and IDA documents, dated February 20, 2003 published on the IMF web site www.imf.org and on the World Bank web site www.worldbank.org/hipc). The stock of debt owed to Paris Club creditors as of March 1, 2003 was estimated to be US\$ 169 million in net present value at end 1998 corresponding to US\$ 276 million in face value.

3. The cut-off date (January 1, 1988 concerning Mali) is used by Paris Club creditors for the sole internal purposes of the Paris Club agreements.

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