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PARIS CLUB

PRESS RELEASE

THE PARIS CLUB AND NIGER AGREE TO A DEBT RESTRUCTURING UNDER THE ENHANCED HEAVILY INDEBTED POOR COUNTRIES INITIATIVE.

Paris Club creditors agreed on January 25, 2001 with the Government of the Republic of Niger to a restructuring of Niger's public external debt. Given its track-record of reforms as well as the burden of its external indebtedness, Niger reached on December 13, 2000 its decision point under the enhanced HIPC Initiative and was granted an arrangement under the Poverty Reduction and Growth Facility with the International Monetary Fund.

This agreement consolidates roughly US$ 115 million. This amount consists of US$ 33 million in arrears as at November 30, 2000 and US$ 82 million of maturities in principal and interest falling due from December 1, 2000 up to December 31, 2003 (none of which is Official Development Assistance). Furthermore, around US$ 4 million in arrears on post-cut-off date debt are rescheduled.

The agreement is concluded under the so-called "Cologne terms" designed by Paris Club creditors for the implementation of the enhanced HIPC Initiative : pre-cut off date commercial credits falling due after decision point are treated so as to reach a 90% 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).

This interim relief will lead to the immediate cancellation by Paris Club creditors of about US$ 84 million of Niger's external debt, consistent with the implementation of the enhanced HIPC Initiative. These measures are expected to reduce debt service due to Paris Club creditors between December 1, 2000 and December 31, 2003 from US$ 126 million down to around US$ 10 million. The remaining payments consist of interest on the rescheduled amounts, late interest on arrears of post cut off date debt and current maturities on post cut off date debt. Niger is committed to use the resources freed by the present exceptional treatment of the debt on priority areas identified in the country's poverty reduction strategy.

The creditor countries expressed their readiness to reduce Niger's stock of debt, as soon as Niger reaches the completion point under the enhanced HIPC Initiative.

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 Niger's debt were representatives of the governments of France, Japan, Spain, the United Kingdom, and the United States of America.

Observers at the meeting were representatives of the governments of Belgium, Germany, Norway and the Russian Federation as well as the International Monetary Fund, the International Development Association, the African Development Bank and the Secretariat of the UNCTAD.

The delegation of the Republic of Niger was headed by Mr Ali Badjo Gamatié, Minister of Finance. The meeting was chaired by Mr Bruno Bézard, Deputy Assistant Secretary at the Treasury of the French Ministry of Economy, Finance and Industry, Vice President of the Paris Club.

Technical notes

1. A loan under the Poverty Reduction and Growth Facility in support of Niger's economic program was approved by the International Monetary Fund on December 13, 2000.

The Republic of Niger reached its decision point under the enhanced HIPC Initiative on December 13, 2000.

2. The total stock of Niger's public sector debt was estimated as of December 31, 1999 to be US$ 1.6 billion (source : IMF and IDA document, dated December 6, 2000, published on the IMF web site www.imf.org). The stock of debt owed to Paris Club creditors as at December 31, 1999 was estimated to be US$ 275 million out of which US$ 223 million of pre-cut-off-date claims and US$ 53 million of ODA loans post-cut-off-date claims.

The cut-off date (July 1, 1983 concerning Niger) is used by Paris Club creditors for the sole internal purposes of the Paris Club agreement. Credits granted after this cut-off- date are 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 Niger 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, Niger 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 Niger indicated its willingness to meet these creditors soon in order to negotiate the terms of a comparable rescheduling.