



## **PRESS RELEASE**

### **THE PARIS CLUB AGREES ON A REDUCTION OF THE DEBT OF THE DEMOCRATIC REPUBLIC OF THE CONGO IN THE FRAMEWORK OF THE ENHANCED HEAVILY INDEBTED POOR COUNTRIES INITIATIVE**

The representatives of the Paris Club creditor countries and Brazil met with the representatives of the Government of the Democratic Republic of the Congo (DRC) on 17 November 2010 and agreed on a reduction of the debt following the DRC having reached its Completion Point under the enhanced initiative for the Heavily Indebted Poor Countries (enhanced HIPC Initiative) on 1 July 2010.

As a contribution to restoring the DRC's debt sustainability, the Paris Club creditors will provide a cancellation of USD 7 350 million, fulfilling all their commitments under the enhanced HIPC initiative.

Paris Club creditors expressed their concern over the business environment and urged the Government of the DRC to carry out further reforms to improve governance, strengthen the rule of law and fight corruption which are necessary conditions to ensure a sustainable development after the enhanced HIPC initiative. They noted the DRC's determination to implement a comprehensive poverty reduction strategy and an ambitious economic program providing the basis for sustainable economic growth, including the commitment to improve governance and business environment.

The case of the DRC raised the issue of non cooperative behavior from some litigating creditors.

The Government of the DRC committed to seek from all its remaining external creditors a treatment comparable to HIPC debt relief.

The Government of DRC committed to devote the additional resources coming from the debt cancellation to priority areas identified in the country's poverty reduction strategy paper.

### **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 Democratic Republic of the Congo's debt were representatives of the governments of Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, Norway, the Russian Federation, Spain, Sweden, 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 Finland, as well as the International Monetary Fund (IMF), the International Development Association (IDA), the African Development Bank (AFDB), the Organisation for Economic Co-operation and Development (OECD) and the Secretariat of the UNCTAD.

3. The delegation of the Democratic Republic of the Congo was headed by Mr MATATA PONYO Mapon, Minister of Finance. The meeting was chaired by Ms Delphine d'AMARZIT, Co Chairperson of the Paris Club, Assistant Secretary at the Directorate-General of the Treasury of the French Ministry of Economy, Finance and Industry.

### **Technical notes**

1. The Democratic Republic of the Congo's economic program is supported by a three-year arrangement under the Extended Credit Facility approved by the Executive Board of the International Monetary Fund (IMF) on 11 December 2009.

2. The Democratic Republic of the Congo's public external debt was estimated to be USD 13.70 billion as of end 2009 (source: IMF and IDA documents). The debt owed to Paris Club creditors was estimated to be USD 7.53 billion as of 1st July 2010 (source: Paris Club).

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