

May 10, 2005



PRESS RELEASE

THE PARIS CLUB AGREES TO CANCEL 100% OF RWANDA'S DEBT

1. The representatives of the Paris Club creditor countries met on May 10, 2005 and agreed to recommend to their governments a cancellation of Rwanda's stock of debt.

The representatives of the creditor countries took note that Rwanda had reached its Completion Point under the enhanced Initiative for the Heavily Indebted Poor Countries (Enhanced HIPC Initiative) on April 13, 2005. They welcomed Rwanda's determination to implement a comprehensive poverty reduction strategy and an ambitious economic programme providing the basis for sustainable economic growth.

2. They decided to cancel US\$ 82.7 million in nominal terms, which represents the Paris Club share of the HIPC effort, decided by the IMF and the IDA, in the framework of the Enhanced HIPC Initiative. The debt of Rwanda towards Paris Club Creditors will be further reduced by US\$ 7.7 million in nominal terms as a result of additional debt relief granted by creditors on a bilateral basis.

With the additional bilateral cancellation, the entire debt of Rwanda towards Paris Club Creditors will be cancelled.

3. Rwanda is committed to devote the resources freed by the present treatment 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).

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 Rwanda's debt were representatives of the Governments of Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, the United Kingdom and the United States of America. Observers at the meeting were representatives of the Governments of Spain and Switzerland as well as the IMF and the International Development Association (IDA).

The delegation of Rwanda was headed by Mr. Donald KABERUKA, Minister of Finance and Economic Planning. The meeting was chaired by Mr. Ramon FERNANDEZ, Deputy Assistant Secretary at the Treasury and Economic Policy General Directorate of the French Ministry of Economy, Finance and Industry, Vice President of the Paris Club.

Technical note

1. Rwanda's economic programme is supported by an arrangement under the Poverty Reduction and Growth Facility (PRGF). Rwanda reached its completion point under the enhanced HIPC Initiative on April 13, 2005.

2. The Rwanda's public debt was estimated to be US\$ 1572,5 million in face value as at end 2003 (source: IMF and IDA documents, dated March 25, 2005 published on the IMF web site www.imf.org and on the World Bank web site www.worldbank.org/hipc). The debt owed to Paris Club creditors as of end March 2005 was estimated to be US\$ 90.4 million in face value. IDA-administered EU loans are included in this treatment.

3. As in any Paris Club agreement, Rwanda agreed to seek comparable treatment from non-Paris Club creditors and commercial creditors. The delegation of the Republic of Rwanda indicated its willingness to meet these creditors soon in order to negotiate the terms of a future treatment.