

Paris Club, Haiti To Restructure Debt Under HIPC Initiative

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"Government creditors in the Paris Club agreed Tuesday with Haitian officials to restructure the country's external public debt within the Highly Indebted Poor Countries (HIPC) initiative, the club said.

'This agreement consolidates around \$69 million dollars (EUR 52 million), of which \$45 million consists of arrears and late interest,' a statement said. 'This will lead to the immediate cancellation of \$7.2 million.' The club also agreed, 'on an exceptional basis,' to defer interest on the rescheduled debt until after November 2010. ..."
[Agence France Presse/Factiva]

"... On an exceptional basis, the Paris Club also agreed to allow Haiti to start paying the moratorium interest due over the consolidation period in November 2010. Haiti has pledged to use the resources freed up by latest Paris Club agreement to reduce poverty among its population. The Paris Club said its member countries stand ready to offer further debt relief to Haiti once it reaches new benchmarks under the enhanced HIPC initiative."
[Dow Jones/Factiva]

"... The agreement was concluded under 'Cologne terms' designed by Paris Club members for the implementation of the World Bank and IMF's HIPC initiative on interim debt relief. These terms provide for the cancellation of 90 percent of commercial debt with the remaining 10 percent rescheduled over a 26-year period, including a six-year grace period. Haiti in November became eligible for debt relief under the initiative, a two-stage program hatched by wealthy donor countries to ease the excessive debts of the world's poorest nations. A country must establish a track record of policy performance before being granted interim debt relief and must then fulfill additional conditions to receive full debt relief. ..." [Reuters/Factiva]