

29 June 2005



## **PRESS-RELEASE**

### **PARIS CLUB CREDITORS AGREE IN PRINCIPLE ON A COMPREHENSIVE DEBT TREATMENT FOR NIGERIA**

The representatives of the Paris Club creditor countries met in Paris on 29 June 2005 and expressed their readiness, consistent with their national laws and regulations, to enter into negotiations with the Nigerian authorities in the months to come on a comprehensive debt treatment.

They took note of the economic reform program implemented by the Nigerian authorities since 2003 and of their willingness to take advantage of exceptional revenues in order to finance an exit treatment from the Paris Club.

This announcement takes place after Nigeria has recently been declared eligible to IDA-only borrowing status and at a time when Nigeria has decided to renew closer relations with the International Financial Institutions.

Creditors welcomed Nigeria's willingness to conclude a policy support instrument (PSI) as soon as this new instrument is approved by the board of the IMF, to pay all its arrears towards Paris Club creditors and to treat them equitably. On this basis, this debt treatment would include debt reduction up to Naples terms on eligible debts and a buy back at a market related discount on the remaining eligible debts after reduction.

This Agreement would be phased in relation with appropriate IMF review under the PSI.

This exceptional treatment of Nigeria's debt would offer a fair, sustainable and definitive solution to Paris Club creditors and Nigeria. The significant debt relief would ensure long term debt sustainability and would represent an important contribution by Nigeria's Paris Club creditors to its economic development. It would also help Nigeria in its fight against poverty.

Paris Club creditors are ready to invite Nigeria to negotiate in Paris as soon as it has concluded a policy support instrument with the IMF.

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