OUTLINE

1. Quick review of Paris Club recent activity

2. Prepayment by Russia of its Paris Club debt
1. Implementation of the HIPC initiative (6 country cases)

2. Prepayments (2 country cases);
Since June 2006, Paris Club creditors have concluded agreements:

- **6 with HIPC**s (Cameroon, Afghanistan, Malawi, Haiti, Sierra Leone, CAR)
- **2 prepayment agreements** (Russia, Macedonia)
Since June 2006, Paris Club creditors have restructured 888 $m and cancelled 5.71 $bn

Early prepayment of 22.4 $bn of debt in face value (Russia and Macedonia)
QUICK REVIEW OF PARIS CLUB RECENT ACTIVITY
Debt cancellations

Total: $5.71bn

- Cameroon
- Afghanistan
- Malawi
- Haiti
- Sierra Leone
- CAR
Since June 2006, 6 new Agreements were concluded in the framework of the HIPC initiative:

- 2 countries became eligible to the initiative: Afghanistan, Central African Republic
- 1 country reached the decision point: Haiti
- 3 countries reached the completion point: Cameroon, Malawi and Sierra Leone

=> Each of these different steps of the initiative corresponds to a particular debt treatment from the Paris Club.
QUICK REVIEW OF PARIS CLUB RECENT ACTIVITY
Paris Club treatments during the HIPC Initiative

Eligibility to HIPC

Satisfactory track record

Decision Point

Completion Point

Minimum 1 year

Preliminary flow treatment at Naples terms (ODA rescheduled; 67% of NODA cancelled)

Interim treatment (flow) Cologne terms (ODA rescheduled; 90% of NODA cancelled)

Stock treatment + bilateral efforts beyond HIPC
<table>
<thead>
<tr>
<th>Completion Point 22 countries</th>
<th>Decision Point 8 countries</th>
<th>Pre-decision point 11 countries</th>
</tr>
</thead>
</table>
EARLY REPAYMENT BY RUSSIA OF ALL OF ITS PARIS CLUB DEBT
EARLY REPAYMENT BY RUSSIA
Context and negotiation

- First prepayment at par by Russia to its Paris Club creditors in 2005 (US$ 15 billion).
- Building on its solid economic situation, Russia offered in 2006 an early repayment of all of its Paris Club debt (representing around US$ 22.3 billion at face value).
- Negotiations held in the Paris Club on 15 and 16 June 2006 resulted in an agreement for an early repayment (par / market value) of all the debts rescheduled in 1996 and 1999 (final maturity 2020).
- Largest early repayment ever made to Paris Club creditors.
EARLY REPAYMENT BY RUSSIA
Exposure of Paris Club members before prepayment

GERMANY 44%
ITALY 13%
FRANCE 8%
AUSTRIA 7%
USA 6%
JAPAN 5%
UK 3%
CANADA 4%
NETHERLANDS 2%
FINLAND 1%
Others 4%
Under Paris Club rules, each creditor country may decide to participate or not to the prepayment.

Full participation of Paris Club creditors => exit of Russia from its unique position of both a creditor and a debtor of the Paris Club, now only a creditor.

Prepayment took place in August 2006.