

U.S. DEPARTMENT OF THE TREASURY

Press Center



United States, Other Donors Eliminate Haiti's Debt to International Financial Institutions

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Achievement of Debt Relief by International Partners Among Swiftest in History

WASHINGTON – The U.S. Department of the Treasury today announced that the United States, the International Financial Institutions (IFIs), and other donors have together reached the goal of eliminating the total debt stock that Haiti owed to the IFIs at the time of the January earthquake. Today's announcement comes just six months after Treasury Secretary Tim Geithner stated his intention to work closely with partners around the world to relieve Haiti's debt. This achievement is among the fastest complete IFI debt reductions in history.

"With President Obama's signing of the FY 10 Supplemental Appropriations Act, Haiti can take another important step forward on the path to rebuilding," said Secretary Geithner. "We are proud to stand together with our international partners at the forefront of this decisive response."

Treasury also noted the key support of the U.S. Congress, which passed the FY 10 Supplemental Appropriations Act, providing the Administration with a contribution of up to \$248 million towards an international agreement to cancel Haiti's debt at the multilateral development institutions. In addition, Secretary Geithner praised the multilateral development institutions for structuring debt relief in a manner that would unlock \$318 million in grant funding for Haiti.

"This innovative proposal not only achieved full cancellation of debt, but also increased resources available for Haiti's recovery over the near and long term," Secretary Geithner continued. The additional funding can be used to support Haiti's recovery by financing such activities as the building of schools, restoration of basic services, and boosting of agriculture and employment programs.

In particular, the Inter-American Development Bank (IDB), as part of the debt relief agreement, will make available \$295 million in new grant flows to Haiti. Similarly, the International Fund for Agricultural Development (IFAD) will convert \$23 million in loans to grants.

For its part, the International Monetary Fund (IMF) took the unprecedented step of creating a new facility, the Post-Catastrophe Debt Reduction (PCDR) Trust, to join international debt relief efforts for Haiti as well as to help very poor countries hit by catastrophic natural disasters in the future. The IMF fully financed the PCDR Trust using internal IMF resources.

When the earthquake struck, Haiti owed \$447 million to the IDB, \$51 million to IFAD, \$39 million to the International Development Association (IDA), and \$158 million to the IMF. On April 23, IFAD's executive directors approved a 100 percent debt relief package for Haiti. [1] On May 28, the World Bank announced the cancellation of Haiti's IDA debt. [2] On July 21, the IMF cancelled Haiti's \$268 million in outstanding debt to the IMF, including the \$110 million emergency loan approved immediately after the earthquake. [3] With the U.S. contribution to the IDB, the Treasury-led effort to eliminate the entirety of Haiti's pre-earthquake debt obligations to the IFIs will be fully achieved.

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LINKS

- [1] IFAD
- [2] World Bank
- [3] IMF

