



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C.

April 14, 2008

ASSISTANT SECRETARY

APR 15 2008

The Honorable Maxine Waters  
U.S. House of Representatives  
Washington, DC 20515

Dear Ms. Waters:

Thank you for your letter to Secretary Paulson regarding Haiti and its debts to multilateral financial institutions.

As you know, the United States and the International Financial Institutions (IFIs) have been very supportive of Haiti's recovery efforts and its fight against poverty. As you note in your letter, Haiti is participating in the Heavily Indebted Poor Countries (HIPC) initiative, and will benefit as well from the Multilateral Debt Reduction Initiative and from debt relief from the Inter American Development Bank. All of these initiatives were either designed or driven by the United States.

With U.S. support, the HIPC initiative was implemented flexibly to allow Haiti to qualify more quickly for HIPC debt relief than it otherwise would have. Haiti is well on its way to Completion Point, which it may reach before the end of the year. In addition, last week the Paris Club – again with U.S. support – agreed to allow the second phase of Haiti's 2006 Paris Club agreement to enter into force. In total, we estimate that Haiti will receive over \$1.1 billion in debt reduction.

While there is no provision in HIPC that would allow Haiti to come to Completion Point now, the IFIs are providing it significant support: the IMF is providing approximately \$109.5 million over three years from its Poverty Reduction and Growth Facility (PRGF), the World Bank will be providing \$82 million in grants to Haiti through the first half of 2008, and the IDB is providing up to \$50 million in policy based grants each year from 2007 through 2009.

Finally, The U.S. Agency for International Development recently increased Haiti's total assistance package to an estimated \$128 million for 2008. The funds are intended to create jobs, assist with emergency electricity and sanitation needs, support government ministries, strengthen the judiciary, improve public health, and provide humanitarian and disaster assistance.

Thank you again for writing. I hope we can continue to work together on these issues.

Sincerely,

Kevin I. Fromer  
Assistant Secretary for Legislative Affairs