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IMF Offers Debt Relief to Ebola-Hit Countries

Guinea, Liberia, Sierra Leone Will Also Get Low-Interest Financing

By Ian Talley

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The International Monetary Fund said Thursday it will provide a total of \$100 million in debt relief and another \$160 million in low-interest financing for the three West African countries hardest hit by the Ebola crisis.

The deadly Ebola epidemic has slammed the economies of Guinea, Liberia and Sierra Leone as the health disaster slashed state revenues and crisis costs overwhelmed the governments' budgets.

The fund's debt relief marks a significant change in its global financing role, establishing a trust specifically for debt relief for the first time in the IMF's seven-decade history. The new "Catastrophe Containment and Relief Trust" is designed to provide grants to cover debt-service payments for the world's poorest countries.

"It aims at enhancing our support to the countries in Africa hit by Ebola, as well as other low-income countries that may be affected by public-health disasters in the future," IMF Managing Director Christine Lagarde said in a statement.

Ms. Lagarde is also urging other creditors, including one of the biggest lenders, Russia, to give the three countries further debt relief. The IMF chief said she expected more debt-relief announcements at a coming meeting of officials from the Group of 20 largest economies.

The fund argues that the countries should not bear the full burden of costs for a crisis that threatens not only the region, but risks a global pandemic.

Eric LeCompte, the executive director of Jubilee USA Network, a non-profit that seeks debt forgiveness for the world's poorest, said the fund's new trust makes official an IMF policy of "essentially offering grants for the world's poorest countries."

"A global social safety net has been created for the poorest countries in the world when they experience big economic shocks," he said.

The IMF and the World Bank have already boosted their financing of the three countries several times last year, as costs from the endemic mounted.