



COMMONWEALTH OF
PUERTO RICO

Government Development Bank
for Puerto Rico

PRESS RELEASE

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THE WORKING GROUP FOR THE FISCAL AND ECONOMIC RECOVERY OF PUERTO RICO ANNOUNCES RELEASE OF ITS 'FISCAL AND ECONOMIC GROWTH PLAN'

PLAN CALLS FOR RESTRUCTURING PUERTO RICO'S OBLIGATIONS

San Juan, P.R. – Today, the Working Group for the Fiscal and Economic Recovery of Puerto Rico released its Fiscal and Economic Growth Plan (FEGP), a comprehensive set of economic growth and reform measures aimed at achieving long-term fiscal stability and growth for the Commonwealth and its residents. It calls for serious discussions around debt restructuring and urges all stakeholders to act in collaboration with the Commonwealth.

To address the financial and economic crisis facing the residents of the Island, the Working Group built upon the findings of recent reports examining the causes of the Commonwealth's current fiscal and economic crisis in the near term as well as projections for liquidity and long-term financing gaps. Specifically, the plan reconfirmed the findings of Anne O. Krueger and her colleagues, all former International Monetary Fund economists, in *Puerto Rico – A Way Forward*, which was released at the end of June and concluded that reforms in conjunction with a restructuring of the Commonwealth's liabilities are essential to restoring Puerto Rico's economic growth.

The Working Group's plan proposes a wide-range of reform measures centered around confronting these issues. The FEGP recognizes the significant measures already undertaken by the Commonwealth to reduce expenses and increase revenues, but projects that the Commonwealth's General Fund and the Government Development Bank (GDB) will each exhaust their liquidity before the end of 2015. Moreover, even with the enactment of the proposed reforms, the Commonwealth will run deficits for the foreseeable future absent significant debt relief. In order to ensure compliance with the recommended measures, the FEGP also advises the creation of a control board – comprised of both local and outside experts – along with new budgetary regulations pursuant to a new proposed law known as the Fiscal Responsibility and Economic Revitalization Act.

Governor García Padilla will address the public today at 11:00 a.m. The address will be available via live stream at fortaleza.pr.gov/envivo.

The full plan is available at the GDB's website: www.gdb-pur.com.

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