



PRESS RELEASE OF THE PARIS CLUB AND THE IIF

OFFICIAL AND PRIVATE CREDITORS COMMIT TO PROMOTING GREATER DEBT TRANSPARENCY AND DEBT SUSTAINABILITY IN LIGHT OF RISING DEBT VULNERABILITIES IN DEVELOPING COUNTRIES

Delegates representing official and private creditors met in Paris on June 20 for the 18th Annual Meeting of the Institute of International Finance and the Paris Club to discuss debt vulnerabilities in developing countries, including specific country cases. Non Paris Club official creditors, including the representatives from the G20 Presidency, the IMF and the World Bank, also took part. This annual meeting is a unique event designed to foster dialogue and cooperation between all creditors, and to reflect on both recent developments and longer-term trends in the field of sovereign borrowing.

Creditors evaluated recent trends in the sovereign debt landscape, with a focus on developing countries. A substantial number of developing countries are facing strains related to debt vulnerabilities given the significant increase in debt stocks, while debt instruments are becoming more varied and complex.

Participants reviewed and discussed the financial situation in some developing countries where debt sustainability is at risk. In particular, participants expressed concerns about the situation in several sub-Saharan African countries that are currently in debt distress or at high risk of debt distress within a few years of having benefitted from significant debt relief through the Heavily Indebted Poor Countries initiative.

Participants also discussed the debt situation in certain Latin American and Caribbean countries, including Venezuela and Barbados, which are both in selective default.

Recalling that preserving debt sustainability is a shared responsibility between debtors and creditors, participants acknowledged that all creditor groups have a stake in ensuring that lending to developing countries does not undermine debt sustainability. The official sector reaffirmed their commitment, especially through the Operational Guidelines for Sustainable Financing adopted by the G20. The IIF presented the key features of a proposed set of Debt Transparency Principles which will assist both lenders and borrowers in the assessment of debt sustainability. Further work will be needed to finalize these Principles, with the goal of endorsement by the Group of Trustees of the Principles for Stable Capital Flows and Fair Debt Restructuring in October 2018.