



PRESS RELEASE

THE ISLAMIC REPUBLIC OF PAKISTAN BENEFITS FROM THE DEBT SERVICE SUSPENSION INITIATIVE (DSSI)

In application of the term sheet of the Debt service suspension Initiative (DSSI) also endorsed by the G20, the Paris Club recognized that the Islamic Republic of Pakistan is eligible to benefit from the initiative. Therefore, the representatives of the Paris Club Creditor Countries have accepted to provide to the Islamic Republic of Pakistan a time-bound suspension of debt service due from 1st May to 31st December 2020.

The Government of the Islamic Republic of Pakistan is committed to devote the resources freed by this initiative to increase spending in order to mitigate the health, economic and social impact of the COVID19-crisis. The Government of the Islamic Republic of Pakistan is also committed to seek from all its other bilateral official creditors a debt service treatment that is in line with the agreed term sheet.

This initiative will also contribute to help the Islamic Republic of Pakistan to improve debt transparency and debt management.

Paris Club creditors will continue to closely coordinate with other stakeholders in the implementation phase of this initiative, in particular when considering a possible extension of the suspension period.

As of today, 30 eligible countries have officially requested from the Paris Club to benefit from the implementation of the DSSI. Among these countries, 12 countries have signed a Memorandum of Understanding with the Paris Club. For these 12 countries, the total amount of 2020 maturities thus deferred to date is around USD 1.1 billion, plus the deferment of pre-existing arrears.

Background notes

1. The Paris Club was formed in 1956. It is an informal group of official creditors whose role is to find coordinated and sustainable solutions to the payment difficulties experienced by borrower countries.

2. The members of the Paris Club which participate in the reorganization of the Islamic Republic of Pakistan's debt are the governments of Austria, Belgium, Canada, Finland, France, Germany, Italy, Japan, the Netherlands, Norway, the Republic of Korea, the Russian Federation, Spain, Sweden, Switzerland, the United Kingdom and the United States of America.

Observers to the agreement are representatives of the governments of Australia, Brazil, Denmark, Ireland and Israel.