



## **PRESS RELEASE**

### **THE PARIS CLUB CREDITORS PROVIDE DEBT RELIEF TO SUDAN**

The representatives of the Paris Club creditor countries decided on 15 July 2021 with the Government of the Republic of the Sudan to restructure its external public debt. The Paris Club congratulated Sudan for the strong measures of poverty reduction and ambitious economic reforms that have allowed the country to reach its Decision Point under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative on 28 June 2021.

This decision was concluded under the so called “Naples terms” on arrears. It was concluded for maturities falling due during the consolidation period under the so called “Cologne terms”, designed by the Paris Club to provide interim debt relief as part of the HIPC Initiative. This would lead to the non-ODA debt cancellation of US\$ 14.1 billion in debt owed by Sudan to Paris Club creditors.

Sudan is expected to reach its HIPC Completion Point by June 2024 or earlier and receive the remainder of the debt reduction envisioned under the enhanced HIPC Initiative already endorsed by the international community in 1999. On an exceptional basis, considering Sudan’s very limited capacity of payment, and provided that it continues to implement satisfactorily an IMF supported program, no payments are expected from Sudan until at least 1 December 2024.

Sudan is committed to devote the resources that otherwise would have gone to Paris Club creditors to priority investments. Sudan is also committed to seek comparable debt relief from its other creditors, including non-Paris Club creditors. Paris Club creditors urge Sudan’s other creditors to provide a debt relief on comparable terms.

Representatives from Kuwait Fund for Arab Economic Development, Saudi Fund for Development, the Abu Dhabi Fund for Development and the Czech Republic also attended the meeting as observers. They expressed their support to the terms reached between the Paris Club and the Government of Sudan and indicated their willingness to provide to Sudan comparable terms under the framework of enhanced HIPC Initiative and in accordance with terms and conditions adopted by their respective Boards of Directors.

The representatives of the Paris Club members expressed their commitment to implement the final component of debt relief contemplated under the enhanced HIPC Initiative as soon as Sudan meets the conditions to reach Completion Point. The IMF and the World Bank currently estimate that those creditors will then have delivered total debt relief of approximately US\$ 21.3 billion (in net present value terms). This amount does not include additional efforts that Paris Club members intend to provide at Completion Point. In principle, at Completion Point, most Paris Club creditors intend to provide on a bilateral basis additional efforts up to 100% cancellation of their covered claims.

### **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 participated in the reorganization of the Republic of the Sudan's debt were the Governments of Austria, Belgium, Canada, Denmark, France, Germany, Italy, Ireland, Japan, the Netherlands, Norway, the Russian Federation, Spain, Switzerland, the United Kingdom and the United States of America.

Observers at the meeting were representatives of the Governments of Brazil, Finland and the Republic of Korea, as well as the International Monetary Fund, the International Development Association, the African Development Bank, the European Commission, the OECD, and the Secretariat of the UNCTAD. Kuwait, the Kingdom of Saudi Arabia, the United Arab Emirates, and the Czech Republic also observed this reorganization.

3. The delegation of Sudan was headed by Dr. Gibril IBRAHIM, Minister of Finance and Economic Planning. The meeting was chaired by Mr. Emmanuel MOULIN, Chairman of the Paris Club, Director General of the Treasury at the French Ministry of Economy, Finance and Recovery.

### **Technical notes**

1. Sudan's economic program is supported by a 39-month arrangement under the Poverty Reduction and Growth Facility approved by the Board of the International Monetary Fund on 29 June 2021. Sudan reached the Decision Point under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative on 28 June 2021.

2. The stock of debt owed to Paris Club creditors as of 31 December 2020 was estimated to be more than US\$ 23.5 billion in nominal terms, of which more than 99% consisted of arrears and late interest.

3. The cut-off date is 1 January 1984 for Sudan.

4. This decision consolidates around US\$ 23.5 billion, most of which is composed of arrears and late interests. It cancels a total of US\$ 14.1 billion and reschedules around US\$ 9.4 billion. These rescheduled amounts will be addressed for debt relief when Sudan reaches Completion Point.

5. On an exceptional basis, creditors have also decided to defer until after 1 December 2024 the repayment of arrears accumulated by Sudan on short term and post cut-off date debts, the maturities falling due during the consolidation period under the post cut-off date debts as well as all moratorium interest due during the consolidation period on the rescheduled and deferred amounts.