



PRESS RELEASE OF THE PARIS CLUB AND THE INSTITUTE OF INTERNATIONAL FINANCE (IIF)

OFFICIAL AND PRIVATE CREDITORS DISCUSSED ONGOING DEBT RESTRUCTURING PROCESSES, COORDINATION BETWEEN THE PUBLIC AND THE PRIVATE SECTOR AND CLIMATE AND ESG CONSIDERATIONS IN DEBT SUSTAINABILITY AND RESTRUCTURING

The 20th Annual Meeting of the Paris Club and the Institute of International Finance (IIF) was held on 27 September 2023 at the French Ministry of Economy, Finance and Industrial and Digital Sovereignty. Delegates discussed a range of issues including ongoing debt restructuring processes in countries eligible and not eligible to the G20-Paris Club Common Framework for debt treatment and key topics under consideration by the Global Sovereign Debt Roundtable (GSDR), including comparability of treatment, domestic debt restructuring, and enhancing coordination between public and private creditors. Participants also considered Multilateral Development Bank's incentives and tools to mobilize private financing, and discussed climate and ESG (Environmental, Social and Governance) factors relevant to debtor countries, including climate-resilient debt clauses (CRDCs) and improving investor relations practices.

The meeting convened all 23 Paris Club members¹, as well as two *ad hoc* participants, China and India. It also gathered representatives from the IMF, the World Bank, and more than sixty organizations from the private sector. Since 2001, this annual meeting has provided a unique opportunity to foster dialogue and cooperation among all creditors, both official and private, while also providing insights into recent developments and longer-term trends in the field of sovereign debt policy.

The series of shocks experienced since 2020, coupled with the tightening of global financing conditions has exacerbated debt vulnerabilities in numerous emerging and developing countries. Creditor coordination has become more challenging due to the increasingly complex debt landscape. Additionally, environmental and social considerations have gained prominence, as there is a growing urgency to mobilize both public and private financing to support sustainable development and fund the climate transition.

In light of this context, participants engaged in discussions on how to facilitate orderly and timely sovereign debt restructurings to help restore debt sustainability for debtor countries, notably through enhanced creditor coordination and information sharing. Participants welcomed the IMF and World Bank guidance notes on information sharing and emphasized the important role of the GSDR to facilitate conversations among a large group of stakeholders on the Sovereign Debt Restructuring Architecture. They also look forward to the forthcoming GSDR "progress report" at the 2023 IMF-World Bank Annual Meetings in Marrakech which could inform the work of the G20 and Paris Club. Additionally, participants explored the use of innovative financing instruments to address climate-shock related financial vulnerabilities, which could provide temporary debt service relief for countries affected by natural disasters.

¹ Including South Africa who joined the Paris Club as a prospective member in 2022