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 MOBILIZING PRIVATE CAPITAL IN DEVELOPING COUNTRIES

The 21th Annual Meeting of the Paris Club and the Institute of International Finance (IIF) was held on 7 November 2024 at the French Ministry of Economy, Finance and Industry. Delegates discussed a range of issues including ongoing debt restructuring processes in countries eligible and not eligible for the G20-Paris Club Common Framework for debt treatment and key topics, including the use of state-contingent instruments in debt restructuring, comparability of treatment, and enhancing coordination between public and private creditors. Participants also considered Multilateral Development Bank's incentives and tools to catalyze private financing, coordination between public and private financing in a context of liquidity challenges and enhancing the investment environment for transition financing in developing countries.

The meeting convened all 23 Paris Club members including South Africa as prospective member, as well as three *ad hoc* participants, China, India and Hungary. 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.

More than three years after its implementation, the Common framework has produced concrete results in enhancing creditor coordination in an increasingly complex debt landscape, but progress is still needed to reduce delays in debt treatments. At the same time, new challenges have gained prominence with increasing financing pressures for many developing countries, highlighting the need to mobilize both public and private financing in these countries.

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 also discussed best practices in the use and design of state contingent instruments in debt restructuring, as well as the assessment of comparability of treatment when using such contingent-instruments. Additionally, participants explored ways to build resilience and mobilize private capital in developing countries, including coordination across public and private financing as well as the use of credit enhancements to crowd in new financing.