



PRESS RELEASE

THE PARIS CLUB WELCOMES ZAMBIA'S DEBT RESTRUCTURING AGREEMENT UNDER THE G20-PARIS CLUB COMMON FRAMEWORK

On 1st February 2021, Zambia formally requested a treatment of its debt from the Paris Club in application of the Common Framework for debt treatment beyond the Debt Service Suspension Initiative. The authorities and the IMF Staff Reached a Staff-Level Agreement on an Extended Credit Facility Arrangement on 6th December 2021.

On 16th June 2022, 16 countries formally formed the official creditor committee (OCC) under the Common Framework, co-chaired by France, as chair of the Paris Club, China, as a member of the G20, and vice-chaired by South Africa, to discuss the Zambian authorities' request for a debt treatment. This committee provided its financing assurances on 18th July 2022, in the presence of the IMF and the World Bank. This allowed the IMF Executive Board to approve a SDR 978.2 million (about US\$1.3 billion) 38-month Extended Credit Facility (ECF) Arrangement on 31st August 2022.

Since then, the OCC has engaged extensively with Zambia authorities, the IMF, the World Bank and Zambia's bondholders. On Friday 16th June 2023, the OCC agreed on the parameters of a quantified debt treatment consistent with the IMF programme parameters. On Thursday 22nd, June, in the context of the New Global Financial Pact Summit in Paris, China and France, on behalf of the OCC presented to Zambia that proposal, and Zambia expressed its agreement. This achievement will allow IMF staff to present to the IMF Executive Board the first review of Zambia's ECF arrangement and open the way for approval of the second disbursement under the programme.

In the coming weeks, Paris Club creditors together with other members of the OCC and Zambian authorities stand ready to formalise this agreement in a memorandum of understanding and Zambia will continue to engage with its private creditors to find an agreement on terms at least as favourable as soon as possible. It will ensure that the overall debt treatment will be consistent with the IMF programme parameters.

Paris Club members engaged heavily in the success of these negotiations. The Paris Club commends this second agreement under the Common Framework, following Chad in November 2022, and thanks all its counterparts for the work undertaken together and the result achieved. The Paris Club looks forward to finalising with other official creditors the debt treatment for Ghana and remains committed to work on the debt treatment for Ethiopia under the Common Framework.

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 to the official creditor committee are representatives of countries with eligible claims on Zambia: Belgium, Denmark, France, Israel, Italy, Japan, the Netherlands, Russia, South Africa, Sweden, Switzerland, the United Kingdom and the United States of America. Other members of the committee are China, India and Saudi Arabia.