



## **PRESS RELEASE OF THE PARIS CLUB AND THE IIF**

### **OFFICIAL AND PRIVATE CREDITORS DISCUSS THE BUILD-UP OF SOVEREIGN DEBT IN DEVELOPING COUNTRIES AND REAFFIRM THEIR COMMITMENT TO PROMOTE DEBT SUSTAINABILITY**

*Delegates representing official and private creditors gathered in Paris on 21 June 2017 for the 17<sup>th</sup> annual meeting between the Institute of International Finance and the Paris Club to discuss debt trajectories in developing countries, including specific country cases. This Paris Club – IIF annual meeting is a unique event designed to foster dialogue and cooperation among all creditors, and to reflect upon developments taking place in the field of sovereign borrowing.*

Faced with increasing financing needs, a substantive number of developing countries display steadily rising levels of public debt, edging towards the levels reached before the massive debt cancellation initiatives of the 1990s and 2000s.

In contrast with previous decades, when bank financing was prevalent, there is now an increasingly dispersed creditor base and bond issuances have gained prominence as a source of financing. Coordination is made more difficult, which increases the risk of inequitable treatment among creditors.

Participants recalled that a debtor and its creditors share responsibilities in maintaining debt on a sustainable path. In a situation of financial stress, orderly processes are of paramount importance. In this context, co-operation, transparency and fair burden sharing by all stakeholders have been and remain cornerstones of the most successful sovereign debt restructuring agreements. When there is uncertainty on debt sustainability, necessary measures should be taken by the debtor country to maintain market confidence; other stakeholders should work in a coordinated and timely manner to provide complementary measures as needed.

Participants agreed that private and official creditors should improve their focus on the elements of debt sustainability, such as those outlined in the G20 operational guidelines for sustainable financing, which present a more durable approach to overall debt sustainability of developing countries than any new large scale debt reduction initiative.