

Discussion Group 4: Debt and COVID-19 First Meeting Summary

16 July 2020

The group, chaired by Pakistan, the Netherlands and the African Union, convened a first meeting on 16th July to discuss substantive issues. The meeting was convened jointly with Discussion Groups III (Liquidity and Financial Stability) and V (Private Creditor Engagement) to explore priorities and discuss potential overlaps and synergies among the three groups.

Co-Chairs highlighted the desire to discuss scope and eligibility for the G20 Debt Service Suspension Initiative (DSSI), including the possibilities of broadening these. Open questions concerning the DSSI included: better understanding and addressing reasons some eligible countries are not applying to the initiative; an extension of the debt suspension/standstill period; and extending eligibility based on necessity/vulnerability. They noted that clarifying these questions could form the basis of recommendations for improving the term sheet of the DSSI and could help draw lessons for broader discussions on the international debt architecture.

Co-Chairs highlighted that an extension and broader scope of the DSSI could buy necessary time to think through and provide options to address structural issues in the international debt architecture. In this regard debt transparency, debt cancellations, local currency bond issuances, and options for improving sovereign debt restructurings were mentioned as concrete and actionable topics. It was also pointed out, that generally, a stronger voice and representation for developing debtor countries in these discussions and related decision-making processes was needed. As discussions touched upon core topics of Discussion Groups III (Liquidity and Financial Stability) and V (Private Creditor Involvement), Co-Chairs underlined the need to address interlinkages and coordinate activities.

As next steps, Discussion Group members will share their perspectives on the option papers and additional options in writing. The Discussion Group will meet again on 5th August.