The group, chaired by Antigua and Barbuda and Senegal, convened to discuss substantive issues and coordinate next steps on 16th July in a joint meeting with Discussion Groups III (Liquidity and Financial Stability) and IV (Debt and COVID-19). The meeting also served to explore priorities and discuss potential overlaps and synergies among the discussion group.

Discussions focused on the details of the Debt Service Suspension Initiative (DSSI) and private creditor involvement. Co-chairs underlined that there was no one size solution for all countries when engaging with private sector creditors. As private creditor participation could cause ripple effects through credit ratings, Co-Chairs called on early engagement with the Institute of International Finance and Credit Rating Agencies to discuss the details of private sector creditor participation in debt suspension initiatives. Co-chairs agreed on the need to explore the use of vulnerability rather than income level for participation in DSSI and raised the question on how to define eligibility requirements in line with it. It was also discussed to use the term sheet of the DSSI as a basis for discussion for SIDS and other vulnerable non-DSSI countries with respective creditors.

Regarding broader questions on the specificities of debt relief and possible solutions to enable debt sustainability, Co-Chairs saw room for discussions on legal support mechanisms, debt buyback facilities, debt swaps for investments, and reprofiling of debt, including the use of state-contingent instruments. As discussions touched upon core topics of Discussion Groups III (Liquidity and Financial Stability) and IV (Covid-19 and Debt), Co-Chairs underlined the need to address substantial overlap and coordinate activities.

As next step, Discussion Group members will share their perspectives on the option papers and additional options in writing. The Discussion Group will meet again in the week of 3rd August for a second set of meetings, with the aim of inviting outside experts to also present at that meeting.