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European Union

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From: General Secretariat of the Council
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To: Delegations

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Subject: Council conclusions on international debt relief in particular for African countries
– Council conclusions approved by written procedure

Delegations will find attached the Council conclusions on international debt relief in particular for African countries, as approved by the Council via a written procedure on 30 November 2020.

COUNCIL CONCLUSIONS

on international debt relief in particular for African countries

THE COUNCIL OF THE EUROPEAN UNION:

1. NOTES the elevated liquidity pressures arising from the COVID-19 crisis and the significant increase in debt vulnerabilities in low income countries, particularly in Africa, and in this respect SUPPORTS a coordinated international approach on debt relief efforts for African countries, within the relevant multilateral frameworks.
2. WELCOMES the progress on the G20-Paris Club Debt Service Suspension Initiative (DSSI) and the recent decision of the G20 to extend the DSSI by 6 months, until 30 June 2021, and to examine by the time of the 2021 IMF/WBG Spring Meetings if the economic and financial situation requires to extend further the DSSI by another 6 months.
3. COMMITS to a full and transparent implementation of the G20-Paris Club Debt Service Suspension Initiative (DSSI), which has been fundamental in supporting the countries that have requested participation by freeing up fiscal space to fund social, health, and economic measures to respond to the pandemic, and to continue to closely coordinate the implementation within the G20 to provide maximum support to DSSI-eligible countries. UNDERLINES the need for all lending institutions acting on behalf of G20 members to fully implement the DSSI in a transparent manner.
4. RECOGNISES that for countries with unsustainable debt levels, debt treatments beyond the DSSI may be required. In the interest of both borrowers and lenders, debt restructuring should be negotiated where necessary, on a case-by-case basis, through a multilateral, coordinated approach together with the IMF/World Bank and Paris Club and ensuring private sector participation. Debt treatments should be contingent on strong conditionality on public financial management, anti-corruption frameworks and domestic resource mobilization in the context of an IMF program. WELCOMES the G20 agreement on a “Common Framework for Debt Treatments beyond the DSSI”, which is also agreed by the Paris Club, as a major step forward in the sovereign debt restructuring international architecture. The Common Framework is instrumental to ensure strong creditors’ coordination and facilitate timely and orderly debt treatment for DSSI-eligible countries, with broad creditors’ participation including the private sector on the basis of comparable treatment. We call on the IMF to prepare an analysis of the external financing needs of developing countries and sustainable financing options.
5. STRESSES that debt transparency is critical for a sound assessment of debt sustainability, debtor government accountability, and to enable informed decisions for borrowers and creditors in the context of debt relief efforts and that all public debt data should therefore be disclosed. WELCOMES the efforts of the IMF and the World Bank on a debt data reconciliation process to strengthen the quality and consistency of debt data and improve debt disclosure. SUPPORTS the international efforts aimed at strengthening debt transparency in low-income countries, including the update of the IMF-WB multipronged approach to help countries address emerging debt vulnerabilities, the implementation of the G20 Operational Guidelines for Sustainable Financing, and the implementation of the IIF voluntary Principles for Debt Transparency.