

March 30, 2021

**The Chair's Summing Up**  
**Sudan—Enhanced Heavily Indebted Poor Countries**  
**Initiative—Preliminary Document**  
**Executive Board Meeting 21/32**  
**March 26, 2021**

Executive Directors agreed that when all criteria are met, Sudan is eligible for debt relief under the Enhanced HIPC Initiative, in view of its status as a PRGT-eligible and IDA-only country. In line with HIPC requirements, they also agreed that the country's external debt burden is unsustainable. Directors welcomed the authorities' strong commitment to reform and policy implementation under the current staff-monitored program (SMP), which meets the standards of an Upper Credit Tranche arrangement.

Directors commended the authorities for taking policy actions to reduce economic distortions and place the economy on a path to restoring economic stability and fiscal sustainability. They recognized Sudan's continuing humanitarian and economic challenges, and welcomed the authorities' ongoing efforts to increase economic resilience and inclusive growth.

Directors noted the need to mobilize resources in a timely fashion to finance the IMF's share of debt relief to Sudan and encouraged broad participation from the membership in this exercise. They acknowledged that restoring Sudan's debt sustainability would require significant debt relief by all creditors (including non-Paris Club creditors) on a comparable basis, including beyond-HIPC relief. Directors encouraged the authorities to continue efforts to conclude the reconciliation of end-2020 debt data and to regularize relations with their remaining multilateral and bilateral creditors consistent with appropriate burden-sharing in the context of the HIPC Initiative.

Directors agreed that Sudan could reach its HIPC Decision Point in June 2021, together with the approval of an ECF-supported program, provided that (i) performance under the second review of the current SMP is confirmed as satisfactory by IMF Management; (ii) a poverty reduction strategy is prepared; (iii) the authorities clear their arrears to multilateral creditors or agree on a strategy to clear them; (iv) agreement is reached on comprehensive reforms that Sudan will need to implement in order to reach the Completion Point—the floating Completion Point triggers—which take account of the views expressed by the IMF and World Bank Executive Boards; and (v) financing assurances to provide HIPC debt relief at Completion Point are confirmed by creditors. Directors also emphasized that sufficient financing assurances to cover the costs of IMF's share of HIPC debt relief would be needed before the Decision Point. In this context, Directors generally agreed that all Fund members have a critical role to play, especially in contributing their

individual shares of the SCA-1 distribution and deferred charges refunds related to Sudan, subject to domestic process and securing any necessary approvals.

Directors agreed with the general thrust of the proposed triggers for the floating completion point, while stressing that they would benefit from being more detailed, action-oriented, and measurable. They noted that completion of the triggers should provide confidence that public resources will be managed effectively, appropriate conditions are in place to ensure long-lasting debt sustainability, and strong governance and transparency underpin an improved business climate in support of sustained inclusive growth and poverty reduction. They encouraged all donors and development partners to ensure that their conditions, and supportive capacity building efforts, are effectively coordinated and sequenced. Directors also recognized that it is important to take into account Sudan's capacity constraints and called for support from development partners in this regard. Directors emphasized that effective implementation of triggers in the areas of governance and anti-corruption, domestic revenue mobilization, public financial management, social sectors, and debt management are vitally important.

Directors emphasized that the Fund's program design should incorporate lessons learned from previous HIPC cases and promote long-term debt sustainability.