

**INFORMAL
SESSION TO
BRIEF**

FO/DIS/20/139
Correction 1

June 23, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Note for the G20 International Financial Architecture Working Group—
Second Update on the Implementation of the Debt Service Suspension
Initiative**

Board Action: The attached correction to FO/DIS/20/139 (6/19/20) has been
provided by the staff:

Typographical Errors Page 1

Questions: Mr. Beaumont, SPR (ext. 37411)
Ms. Hakura, SPR (ext. 36721)

Second Update on the Implementation of the Debt Service Suspension Initiative

The IMF and the World Bank are continuing to support the implementation of the COVID-19 Debt Service Suspension Initiative (DSSI) that was endorsed by G20 Finance Ministers on April 15.¹ The DSSI benefits International Development Association (IDA) and United Nations Least Developed (UN LDC) countries by suspending debt service payments from May through December 2020 to facilitate an effective response to the crisis.² Participation in the DSSI will allow countries to maximize fiscal response in the current crisis context.

It is important to enable key stakeholders to track progress in the implementation of DSSI and improve debt transparency. The World Bank has just launched the Debt Service Suspension Initiative (DSSI) website (<https://www.worldbank.org/en/topic/debt/brief/covid-19-debt-service-suspension-initiative>), which will be updated continuously, including the publication of new aggregate debt data for DSSI eligible countries. This expanded dataset will include new information on the creditor country composition of outstanding public and public guaranteed debt and projected annual and monthly debt service payments. This type of broad debt and investment transparency is a high priority for development and recovery from the crisis; and is especially urgent in the context of COVID-19.

This note provides an update on DSSI implementation and the challenges arising as of mid-June 2020. It also discusses (i) how the IMF and the World Bank plan to put in place a monitoring system of fiscal spending in response to the crisis; and (ii) the debt limits on non-concessional borrowing that are applicable under the IMF and World Bank policies. It concludes with a proposal of next steps. The next update would provide information on steps to enhance debt transparency under the DSSI.

I. PARTICIPATION IN DSSI

As of June 18, 37 eligible countries had formally requested to join the DSSI as confirmed by the G20 creditor template and by information from debtor countries. This brings the participation rate of the 73 countries eligible for the DSSI to 51 percent. As of June 16, the Paris Club had received 34 31 formal requests and had approved 17 MOUs, including Burkina Faso, Cameroon, Chad, Comoros, Republic of Congo, Dominica,

¹The first update on the implementation of the DSSI was discussed by the IFA working group on May 28, 2020.

²Annex 1 provides the term sheet for the DSSI.