

**EXECUTIVE
BOARD
MEETING**

SM/20/166
Supplement 1

December 3, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Update on the Joint IMF-WB Multipronged Approach to Address Debt Vulnerabilities—Draft Press Release**

Board Action: Executive Directors' **consideration** (Formal)

Tentative Board Date: **Monday, December 7, 2020**

Publication: Proposed, together with main paper

Questions: Ms. Hakura, SPR (ext. 36721)
Ms. Garcia Martinez, SPR (ext. 37265)



IMF Executive Board Concludes the Update on the Joint IMF-WB Multipronged Approach to Address Debt Vulnerabilities

FOR IMMEDIATE RELEASE

Washington, DC – December 7, 2020: The Executive Board of the International Monetary Fund (IMF) discussed a joint IMF-World Bank (WB) staff paper on “Update on the Joint IMF-WB Multipronged Approach to Address Debt Vulnerabilities”.

Amid rising debt risks in low-income and developing countries (LIDCs) and emerging markets (EMs), the IMF and World Bank have been implementing since 2018 a multi-pronged approach (MPA) to address these countries’ debt vulnerabilities. With the COVID-19 pandemic exacerbating debt burdens, implementing the MPA has become even more urgent.

The MPA is organized around four mutually reinforcing pillars. It seeks to (i) strengthen debt transparency by helping borrowing countries, and by reaching out to creditors, to produce better public sector debt data available; (ii) support capacity development in public debt management to avert and mitigate debt vulnerabilities; (iii) provide suitable tools to analyze debt developments and risks; and (iv) promote adapting the IMF’s and World Bank’s surveillance and lending policies to better address debt risks and promote efficient resolution of debt crises.

Since the MPA was first articulated in 2018 important progress has been achieved. Examples include improved debt coverage in Debt Sustainability Assessments for LIDCs; increased reporting by borrowers to the international statistical databases; strengthened Fund and World Bank debt policies and dissemination of collected data; scaled-up capacity development activities for borrowers in debt recording, debt management and fiscal risks; expanded creditor outreach, in particular through the G20; and the near completion of the revision of IMF and World Bank policies in relation to responsible borrowing and lending.

New initiatives under the MPA umbrella, launched in the context of this report, aim to make further progress while adjusting priorities to a post-COVID-19 world and taking into account countries’ capacity constraints. In particular, the focus will be on further efforts to enhance debt transparency through greater debtor and creditor reporting; scaling up of capacity development in crisis prevention areas, including through new modalities of delivery; improving the framework to assess debt sustainability in market access countries; and strengthening the IMF’s lending policies to support transparent and rapid debt resolution. Regarding creditor engagement, the IMF and the World Bank will support the coordination of G20 creditors, including operationalizing the recently approved Common Framework for debt resolution for the poorest countries and implementing the extension of the Debt Service Suspension Initiative.

To support the assessment of progress in implementing the MPA, the paper sets out a monitoring framework with selected benchmarks for the next few years.

Executive Board Assessment¹

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¹An explanation of any qualifiers used in summings up can be found here:
<http://www.IMF.org/external/np/sec/misc/qualifiers.htm>.