



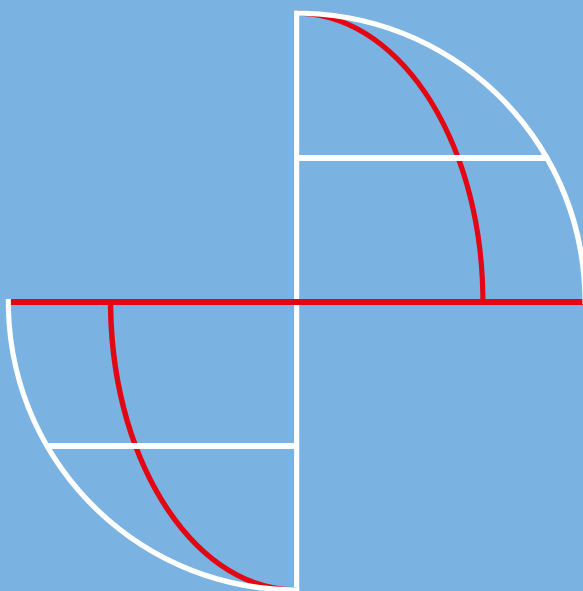
MINISTÈRE
DE L'ÉCONOMIE,
DES FINANCES
ET DE LA SOUVERAINETÉ
INDUSTRIELLE ET NUMÉRIQUE

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Direction générale
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2024

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2024

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IMF's role in the country's debt restructuring. Then two borrowing countries **Masitala Mushinga** (Head of Zambia's Debt Management Office) and **Samuel Arkhurst** (Chief Economist and Director of Ghana's Treasury and Debt Management Division) and one Paris Club creditor (**Michael Sarty**, Canada's representative to the Paris Club) discuss in the form of a cross-interview, what lessons can be learnt from the implementation of the Common Framework, four and a half years after its adoption by the Paris Club and the G20. **Sonja Gibbs**, Managing Director of the Institute of International Finance (IIF), also provides a private creditor viewpoint on the improvements that should be made to the Common Framework, emphasising the vital importance of communication and transparency.

Outside the Common Framework, **Aparna Bhatia** and **Neeraj Kumar**, respectively Adviser in the Department of Economic Affairs and Co-Director in India's Ministry of Finance, describe their country's important contribution to the debt treatment reached with Sri Lanka, as Co-Chair of the official creditor committee alongside Japan and France. The **Paris Club Secretariat** then explores more widely the Sri Lanka debt treatment and the novel coordination mechanism that helped make it possible. The **Secretariat** also dives into the implementation of Suriname's debt treatment, which took the form of a stock treatment, following on from the 2022 flow treatment. Finally, **Márton Nagy**, Hungary's Minister for the National Economy, looks back at the benefits of his country's participation in the negotiations with Sri Lanka alongside the Paris Club, and more generally reflects on the decision to join the Paris Club in 2024 as an "*ad hoc* participant" in club meetings, which is the same status China and India also currently enjoy.

The fourth part of the report includes a contribution from **Bihi Iman Egeh**, Minister of Finance of Somalia, who discusses the almost total cancellation of his country's debt by Paris Club creditors, after reaching the completion point of the HIPC initiative. With Somalia being the 37th country out of the 39 eligible to have completed the HIPC process, this also presents an opportunity for the **Secretariat** to present its assessment of the HIPC initiative, which has been a core part of the Club's work now for almost three decades.

In addition to the role it plays in negotiating debt treatments, the Paris Club aims to be a thought leader, drawing on its practical experiences to contribute to the international community's thinking on debt policy issues. The fifth and final part of this year's report focuses on how the Paris Club positions itself in these debates. **Tatiana Rosito**, Secretary for International Affairs at Brazil's Ministry of Finance, looks back at the results of her country's G20 presidency and its debt priorities, including the publication of several landmark notes on the lessons learned from the Common Framework, debt swaps and Climate Resilient Debt Clauses (CRDCs). The **Secretariat** then presents the main takeaways from the 11th Paris Forum, the Club's annual conference, as well as the key conclusions from a workshop on comparability of treatment regarding VRIs, co-organised as part of the Global Sovereign Debt Roundtable (GSDR). Finally, **Carlos Cuerdo Caballero**, Spain's Minister for the Economy, Trade and Enterprise, shares his vision for the upcoming 4th international conference on financing for development (FfD4) which is taking place in Seville from June 30 to July 3, 2025, ten years after the last Addis Ababa conference.



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**THE DEBT TREATMENT
PROVIDED TO SRI LANKA**

India, while not a member of the Paris Club, has participated in debt restructuring negotiations with the Paris Club, especially in the context of Sri Lanka's debt crisis. We value the coordination and collaboration with members of the Paris Club, especially the other two Co-Chairs, Japan and France, in concluding the bilateral debt restructuring with Sri Lanka.

India and Sri Lanka are closest maritime neighbours and its swift response to Sri Lanka during the financial crisis is a reflection of its 'Neighbourhood First' policy. India was the first country to provide financing assurances to Sri Lanka, which paved the way for it to secure the IMF's Extended Fund Facility (EFF).

Honorable Minister for Finance of India Smt. Nirmala Sitharaman participated in the high-level event on Sri Lankan debt issues on the sidelines of IMF - World Bank (WB) Spring Meetings in Washington D.C on April 13, 2023. The debt restructuring negotiation process on Sri Lanka was launched under the three Co-Chairs: India, Japan, and France, to lead coordinated debt restructuring of Sri Lanka. Thereafter, a series of meetings were held among the OCC members for finalisation of the debt restructuring proposal.

Through close coordination among the Co-Chairs, both OCC and Sri Lanka were able to reach an Agreement in Principle (AIP) in a short period of time. On November 29, 2023, an AIP on the main parameters of a debt treatment was reached. This was formalised by the OCC and the MoU was signed with Sri Lanka on June 26, 2024. CoT with non-OCC creditors was an important principle that was achieved by the Co-Chairs. Conformity with the IMF's debt sustainability criteria was also met. An important criterion was also to provide space to Sri Lanka to restore its debt repayment capacity and progress on a sustainable growth path during the restructuring period.

As one of the Co-Chairs of the OCC, along with France and Japan, India has been steadfast in its commitment to the stabilization, recovery and growth of the Sri Lankan economy. This was also demonstrated by India's unprecedented financial support of US\$4bn to Sri Lanka. India will continue to support Sri Lanka's economic recovery including by promoting long-term investments in its key economic sectors. •

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LE TRAITEMENT DE DETTE
OCTROYÉ AU SRI LANKA

Sans en être membre, l'Inde a participé à des négociations relatives aux restructurations de dettes avec le Club de Paris. Cela a notamment été le cas pour la crise de la dette qui a touché le Sri Lanka. Nous nous félicitons que la coordination et la collaboration avec les membres du Club de Paris, notamment avec le Japon et la France avec lesquels nous avons coprésidé le comité des créanciers, aient permis d'aboutir à un accord de restructuration entre le Sri Lanka et ses créanciers bilatéraux.

La réponse rapide que l'Inde a apportée au Sri Lanka, son voisin maritime le plus proche alors en pleine crise financière, est une illustration de la politique indienne de voisinage (dite *Neighbourhood First*). L'Inde a été le premier pays à fournir des assurances de financement au Sri Lanka, qui ont permis au pays d'accéder au Mécanisme élargi de crédit (MEDC) du FMI.

La Ministre indienne des Finances, Nirmala Sitharaman, a participé à la réunion de haut niveau consacrée à la dette du Sri Lanka, qui s'est tenue à Washington D.C. le 13 avril 2023, en marge des assemblées de printemps du FMI et de la Banque mondiale. Le processus de négociation pour la restructuration de la dette sri-lankaise a été engagé dans le cadre d'un comité coprésidé par l'Inde, le Japon et la France – chargé de coordonner ce processus. Le comité des créanciers publics s'est ensuite réuni à plusieurs reprises pour finaliser la proposition de traitement.

La coordination étroite entre les co-présidents a permis au comité des créanciers publics et au Sri Lanka de parvenir rapidement à un accord de principe sur les principaux paramètres d'un traitement de dette, lequel a été conclu le 29 novembre 2023. Cet accord a été formalisé par un protocole d'accord (MoU) signé par le comité des créanciers publics et le Sri Lanka le 26 juin 2024. La comparabilité de traitement avec les autres créanciers du Sri Lanka est l'un des principes essentiels de l'accord conclu. La conformité avec les paramètres du FMI relatifs à la viabilité de la dette a également été garantie. Un autre critère important était d'accorder au Sri Lanka des marges de manœuvre suffisantes pour rétablir sa capacité de remboursement et que le pays s'engage sur la voie d'une croissance soutenable pendant le processus de restructuration.

L'engagement de l'Inde, en tant que co-présidente aux côtés de la France et du Japon, en faveur de la stabilisation, de la reprise et de la croissance de l'économie sri-lankaise a été constant. Le soutien financier sans précédent de 4 Md USD qu'elle a accordé au Sri Lanka en est une illustration. L'Inde continuera de soutenir la reprise de l'économie sri-lankaise en encourageant les investissements de long terme dans les secteurs clés de son économie. •