



G20 Debt Service Suspension Initiative Receives 41 Applications to Date

Riyadh, Kingdom of Saudi Arabia, June 25, 2020

Participants at the G20 International Financial Architecture Working Group (IFA WG) meeting, which took place over two days June 23–24 2020, discussed the ongoing implementation of the G20 Debt Service Suspension Initiative (DSSI) and also explored ways to enhance global financial stability and resilience.

The G20 nations agreed on April 15, 2020 to a time-bound suspension of debt service payments for the poorest countries, ensuring those nations are supported in their efforts to protect lives and alleviate the economic and financial crises resulting from the COVID-19 pandemic.

The historic G20 DSSI, now in its second month of implementation, has received a total of 41 applications to date, 26 of which are from African countries. The initiative stands to benefit 73 eligible countries from the International Development Association's countries and the least developed countries as defined by the United Nations. The DSSI term sheet does not prevent additional debt treatment for a country participating in the initiative, provided that DSSI terms are met.

Saudi G20 Presidency IFA WG policy lead Bandr Alhomaly said, "We are encouraged by the increasing number of applicants benefiting from the historic G20 Debt Service Suspension Initiative, with 41 countries have applied to date. This initiative ensures mobilizing critical resources toward mitigating the pandemic's consequences."

Guillaume Chabert, French Co-Chair of the G20 IFA WG also added that "The pace of implementation of the DSSI has significantly accelerated in June, in particular with the clarification that requesting the DSSI for official bilateral creditors does not oblige beneficiary countries to make the same request to private creditors, and credit rating agencies having clarified in parallel their position on the DSSI."

The meeting's second day focused on emerging topics related to financial resilience, including the historic level of capital outflows from emerging markets due to the COVID-19 pandemic, and a discussion on ways to restore sustainable flows of capital. Members also explored ways to enhance financial resilience through the development of domestic capital markets.



“As we pave the way towards recovery, we will take stock of the observations and lessons learned from this crisis on longer-term issues, such as capital flows and the role of domestic capital markets to support inclusive growth and financial resilience,” said Alhomaly.

The Korean Co-Chair of the IFA WG, Boosung Kang, added that “A historic level of capital outflows has begun to let up, but uncertainty of a sudden stop still hovers around the global financial markets, calling for G20-level policy coordination. In the short term, the implementation of the DSSI and properly functioning global financial safety net are necessary, and in the long term, the development of domestic capital markets continues to be pursued.”

Working Group members were joined by experts from the International Monetary Fund (IMF), World Bank Group (WBG), Bank of International Settlements (BIS), Organization for Economic Co-operation and Development (OECD), and various regional development banks. The Paris Club, the UAE and Kuwait also attended the meeting, as they are among the creditors participating in the DSSI.

The Working Group will provide an update on the DSSI implementation, along with an update on the work on capital flows and domestic capital market development, to the G20 Finance Ministers and Central Bank Governors during their July meeting.

Further information about the G20, including the Presidency Agenda and full program of events, can be found at www.g20.org

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