Paris Forum Workshop
“Debt sustainability in developing economies: new policies and new tools to address an old issue”
Washington, DC – 14 April 2016 - 3.00-5.00 pm, IMF

The objective of the “Paris Forum” events is to foster frank and open discussions between creditor and debtor countries, on topics pertaining to official financing and to sovereign debt, including sovereign debt crisis prevention and resolution. It is primarily a forum of collective interest to promote exchange of information and best practices on these issues, while also covering Paris Club activity, methods and objectives.

Introductory remarks

New policies to promote sustainable financing practices

While many among the poorest countries have seen their debt burden reduced over the last decades, especially through the HIPC initiative, many remain vulnerable to debt crises, which includes several “post-HIPC” countries which are almost reaching pre-HIPC debt levels. Against this background, taking into account the IMF and World Bank’s framework for debt sustainability analysis, as well as their respective debt limit policies, is critical to promote sustainable financing practices, in line with the recommendations of the Addis Ababa Action Agenda. This session will address the new debt challenges faced by LICs, and discuss how the recent and upcoming reforms of these policies aim at helping countries to better manage risks.

Lead speaker: Min ZHU, IMF Deputy Managing Director

Innovation in Sovereign Debt Restructurings

Debt restructuring processes must develop new methods to adapt to a changing and uncertain financial environment. As demonstrated in the IMF 2013 paper “Too Little, Too Late”, the cost of debt restructurings is often increased by the fact that discussions on debt usually start when debt sustainability is already compromised. Introducing contingency instruments in debt contracts can be a way to achieve greater resilience to adverse economic or environmental events. Another promising avenue is to convert the benefits of a debt restructuring or buyback into an investment in the country’s economic fabric, as in the case of Seychelles’ environmental buyback.

Lead speaker: Jean Paul ADAM, Seychelles Minister of Finance, Trade and the Blue Economy

Concluding remarks