Global Sovereign Debt Roundtable (GSDR)

April 14, 2023 • vajiramandravi.com

What's in today's article?

Why in News?

- At the 2023 Spring Meetings of the IMF and the WB Group, the GSDR has agreed on urgently improving information sharing on macroeconomic projections, at an early stage of debt restructuring processes.
- The second meeting of G20 Finance Ministers and Central Bank Governors (FMCBG) under the Indian G20 Presidency was also held (on 12-13 April 2023) on the margins of the 2023 Spring Meetings.

What is the Global Sovereign Debt Roundtable (GSDR)?

- Started its work in (February) 2023, the roundtable is **co-chaired by the IMF, World Bank and India** (G20 Presidency) and comprises –
    - Official bilateral creditors (both traditional creditors members of the Paris Club and new creditors),
    - Private creditors and
    - Borrowing countries.
- The objective of the GSDR is
    - To build greater **common understanding among key stakeholders** involved in debt restructurings,
    - **To work together on the current shortcomings** in debt restructuring processes, both within and outside the Common Framework, and ways to address them.
- Its focus is on **process and standards** (not to discuss country cases) and **will not replace existing restructuring mechanisms** such as the Common Framework.
- Instead, it will support those mechanisms by fostering greater common understanding on concepts and principles, which will in turn facilitate **individual restructurings**.
- **For example**, the Roundtable could ease bottlenecks stemming from lack of sharing of information among debtors, creditors, etc.
- The next meetings of the GSDR are scheduled in April 2023, in the context of the **IMF-WB Spring meetings in Washington DC, US**

News Summary Regarding GSDR:

- **Outcomes at the Spring meetings:**
    - GSDR to focus on the actions that can be taken now to accelerate debt restructuring processes and make them more efficient, including under the **G20 Common Framework.**
    - There is an agreement on the **importance of urgently improving information sharing** including on macroeconomic projections and debt sustainability assessments at an early stage of the process.
    - The IMF and World Bank will rapidly **issue staff guidance on information sharing** at each stage of the restructuring process.
    - The meeting also discussed the **role of Multilateral Development Banks (MDBs)** in these processes through the provision of net positive flows of concessional finance.
    - **The International Development Association's** (IDA) provision of positive net flows and the ex-ante implicit debt relief through increased concessionality and grants to countries facing higher risks of debt distress was welcomed.
- **India's suggestions:**
    - As a priority for India's G20 Presidency, there is a need **to augment present global efforts, including those of the G20**, to address growing debt distress across the globe.
    - India stressed on **debt transparency and information-sharing** as well as clarity on the comparability of treatment, predictability and timeliness of the debt restructuring process.

Q1) What is the G20 Common Framework?

The Common Framework helps countries restructure their debt and deal with insolvency and protracted liquidity problems.

Q2) What is the International Development Association (IDA)?

It is an international financial institution which offers concessional loans and grants to the world's poorest developing countries. The IDA is a member of the World Bank Group and is headquartered in Washington, D.C. in the United States.

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