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The G20 Debt Service Suspension Initiative: Draining out the Titanic with a bucket?

Eurodad shadow report on the limitations of the G20 Debt Service Suspension Initiative

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15 July 2020

1. Introduction

The social and humanitarian impacts of the economic crisis unleashed by the Covid-19 pandemic are devastating, especially for the most vulnerable in the global south. The rapid onset and scale of the economic and financial impacts triggered by the public health crisis clearly indicate how vulnerable developing countries are to exogenous economic shocks, and how fragile livelihoods are for people around the world.

Developing countries are seeing sharp declines in export revenue – due to the sudden halt in global trade and the collapse of commodity prices – as well as falls in tourism income and remittances, as well as record levels of capital flight. Although some of these trends seem to be slowly reversing at the time of writing, the damage to emerging and developing economies will take much longer to fix. According to the World Bank, "deep recessions triggered by the pandemic are likely to leave lasting scars through multiple channels, including lower investment; erosion of the human capital of the unemployed; and a retreat from global trade and supply linkages" throughout the global south. As a result, half a billion people could be pushed onto poverty according to Oxfam, also leading to increasing social, economic and gender inequalities.

The pandemic has put in jeopardy not only the right to health for many (especially due to insufficient investment and human resources in public health systems), but also the right to decent work, housing, food, water and sanitation. This is an "apocalyptic moment", in the words of Ken Ofori-Atta, the Ghanaian finance minister, which cannot be tackled with the current focus on "saving the economy". We need to put people at the core of the recovery, especially the most vulnerable – making sure that human rights, gender equality and environmental protection are the key considerations driving the responses.

If more ambitious action isn't taken, debt is a key channel that will deepen the scars in the economies of the global south. Public indebtedness in the global south was already at unprecedented levels before Covid-19, and the current crisis has exacerbated these pre-existing debt vulnerabilities. Between 2010 and 2018, external debt payments as a percentage of government revenue grew by 83 per cent in low- and middle-income countries, from an average of 6.71 per cent in 2010 to an average of 12.56 per cent in 2018. As a result, in many developing countries, an increasing portion of public budgets was being used to service external debts, affecting the capacity of governments to adequately fund and deliver basic public services, and leaving them particularly underprepared to deal with the current public health crisis.

In the wake of Covid-19, governments are having to face the impossible challenge of increasing health and social spending to protect their populations from the pandemic and the economic and social impacts of domestic and international lockdown measures, as they endure a sharp decrease in government revenues. Coupled with currency devaluations and an increase in borrowing costs, growing fiscal deficits are making it even harder for governments in the global south to meet their external sovereign debt payments. Meanwhile, financial support for developing countries to tackle the pandemic is being provided principally in the form of new loans, which are adding to already unsustainable debt levels in many developing countries. Yet with increased debt vulnerabilities, fiscal pressures, and a global economic downturn, the capacity for many countries to absorb more loans is weakening.

There is now a growing consensus regarding the high likelihood of a protracted debt crisis in the global south. Financial analysts have foreseen a series of messy defaults. United Nations agencies, such as the UN Department of Economic and Social Affairs (UN DESA) or the UN Conference on Trade and Development (UNCTAD), and even UN Secretary-General António Gutierres, have also been underlining how the economic fallout from the pandemic threatens to cause a wave of defaults in developing countries. While measures adopted by the G20 and the International Monetary Fund (IMF) in April have provided some vital short-term breathing space to a limited number of the world's poorest countries, the challenges ahead to forestall this wave are enormous.

This briefing looks specifically at the G20 Debt Service Suspension Initiative (DSSI), and how it falls well short of addressing those challenges. The briefing describes how the initiative works and its scope, and includes data analysis on implementation up to the first week of July 2020 (including an annex with detailed data on developing country debt payments and debt suspension). We illustrate the shortcomings of the initiative with four country case studies - Nepal, Cameroon, Kenya and El Salvador. The report finally sets out policy recommendations to address both short and mid-term challenges.

2. What is the Debt Service Suspension Initiative (DSSI)?

On 15 April 2020, the G20 announced an agreement to provide a suspension of principal and interest payments on debt due between 1 May and 31 December 2020 by the poorest developing countries to bilateral government lenders. The Debt Service Suspension Initiative (DSSI) potentially covers 77 countries – those classified by the UN as Least Developed Countries, and so-called IDA countries (countries that are eligible to borrow from the World Bank's International Development Association).

2.1. Which countries are involved?

The final list of possible beneficiaries was reduced to 73, as four countries (Eritrea, Sudan, Syria and Zimbabwe) are excluded due to being in arrears with the IMF and/or World Bank. Of those, 40 countries had confirmed their participation in the DSSI at the time of writing. Among the 33 countries that had not to date requested participation in the initiative, 12 countries were at high risk of debt distress in May 2020, according to the World Bank and IMF joint debt sustainability analyses. This includes Ghana, Haiti, Kenya, Kiribati, Laos, Marshall Islands, Micronesia, Samoa, St. Vincent and the Grenadines, Tonga, Tuvalu and Zambia. A total of 12 lower middle-income countries, 18 Small Island Developing States and 48 upper middle-income countries are excluded from the initiative, irrespective of their current vulnerability to debt distress or the impacts of the Covid-19 health and economic crises they are facing (see annex with the list of emerging and developing countries "in and out" of the DSSI).

According to the latest available data provided by the Paris Club (as of 30 June 2020), it had signed a Memorandum of Agreement with 18[1] of the countries that had requested suspension of payments through the DSSI. The potential volume of suspended debt via these agreements amounts to US$ 1.3 billion: covering maturities initially due in 2020, plus the deferment of pre-existing arrears, and claims owed to almost all Paris Club members, except for Australia, Ireland and Israel.

As well as Paris Club creditors, the DSSI has been endorsed by all G20 members, including non-Paris Club (NPC) bilateral lenders such as China, India and Saudi Arabia. According to recently published data by the World Bank,[2] 77.42 per cent of debt payments eligible for suspension under the DSSI are owed to NPC official bilateral lenders, with 62.07 per cent of those payments owed to China alone.

[1] Burkina Faso, Cameroon, Chad, Comoros, Dominica, Ethiopia, Grenada, Guinea, Ivory Coast, Kyrgyzstan, Mali, Mauritania, Myanmar, Nepal, Niger, Pakistan, Republic of Congo and Togo.

[2] Data published by the World Bank as part of the International Debt Statistics portal corresponds to 68 out of 73 eligible countries for the DSSI that report external debt to the World Bank's Debtor Reporting System (DRS). The tables include public and publicly guaranteed debt stock and debt service due by creditor country. Debt service payments measure the projected amount of debt service due monthly in 2019-2021, based on the disbursed and outstanding long-term external debt at the end of 2018, net of (i.e. excluding) principal in arrears. Projected debt service payments do not take account of any increase in debt service that may arise from new loans contracted after 31 December 2018 or any reduction in debt service resulting from debt restructuring arrangements concluded on a bilateral basis or in multilateral fora after 31 December 2018, including agreements in the context of the HIPC initiative. For more methodological information, read the following: https://databank.worldbank.org/data/download/site-content/Debt%20Service%20Payments%20Projections-%20What%20do%20we%20measure.pdf

Table 1: Projected debt service payments to official bilateral lenders between May and December 2020

Paris Club Lenders	US$ Millions	Percentage of total
Austria	23.50	0.20%
Belgium	17.31	0.15%
Brazil	283.31	2.45%
Canada	65.03	0.56%
France	640.77	5.55%
Germany	358.16	3.10%
Italy	53.21	0.46%
Japan	766.31	6.63%
Netherlands	9.85	0.09%
Norway	8.96	0.08%
Spain	66.85	0.58%
Sweden	17.53	0.15%
Switzerland	14.08	0.12%
United Kingdom	6.34	0.05%
United States	277.80	2.40%
Subtotal Paris Club Lenders	**2,609.01**	**22.58%**
Non-Paris Club Lenders	US$ Millions	Percentage of total
China	7,172.36	62.07%
Egypt	26.68	0.23%
Hungary	0.76	0.01%
India	466.40	4.04%
Kuwait	140.38	1.21%
Libya	54.78	0.47%
Multiple lenders	87.93	0.76%
Nigeria	0.18	0.00%
Other bilateral	637.86	5.52%
Portugal	62.53	0.54%
Saudi Arabia	103.83	0.90%
Thailand	32.35	0.28%
Turkey	94.55	0.82%
United Arab Emirates	19.69	0.17%
Venezuela, RB	45.26	0.39%
Subtotal Non-Paris Club Lenders	**8,945.55**	**77.42%**
Total potential debt service suspension	11,554.57	100.00%

Source: Eurodad based on World Bank, International Debt Statistics, July 2020

2.2. How does it work?

Under the DSSI, all eligible payments to bilateral official lenders, from those countries eligible to request participation in the initiative, are postponed. Countries then have three years to repay after a one-year grace period. The suspension of debt service payments proposed by the G20, as its name indicates, does not mean cancellation of debt service, but involves a postponement of the payments in a way that lengthens the period of time that bilateral lenders will have to wait to get their money back: but over the long term, they won't lose a cent.

Indeed, the suspension will be carried out in a way that ensures deferred payments will be adjusted at the time of repayment, to ensure creditors face no losses on the value of the delayed payments (this is referred to as net present value neutral or NPV-neutral). The upshot is that this costs creditors nothing, and borrowing countries will simply have larger repayments to make once the suspension period ends. At this point they will probably need to borrow more funds to be able to repay not only the postponed debt service, but potentially also to service any new loans contracted to face the economic downturn due to Covid-19. This is on top of any payments initially scheduled for that period.

It is worth noting that deferred official debt payments under the DSSI will need to be repaid in full between 2022 and 2024, when these countries already have huge repayment obligations falling due. According to Eurodad calculations, the 68 beneficiary countries for which data is available have around US$ 115 billion scheduled to be repaid in 2022, 2023 and 2024, of which US$ 44.23 billion is owed to official bilateral lenders. Even though the steps taken by the G20 were necessary, by agreeing only to postpone and not cancel payments, debt crisis risks are simply being pushed further down the road.

Table 2: Projected debt service payments from May 2020 to December 2024 by 68 beneficiary countries by type of lender (US$ million and percentage)

	May-Dec 2020	2021	2022	2023	2024
Bondholders	4,822.68	6,392.59	7,857.60	6,033.73	10,190.72
	15.30%	14.86%	20.18%	16.76%	25.50%
Non-official	5,395.19	7,166.38	3,108.41	2,246.88	1,961.86
	17.12%	16.66%	7.98%	6.24%	4.91%
Official multilateral	9,747.01	13,522.35	13,612.25	13,775.13	13,633.84
	30.92%	31.44%	34.96%	38.26%	34.11%
Official bilateral	11,554.57	15,925.41	14,363.27	13,944.09	14,178.34
	36.66%	37.03%	36.88%	38.73%	35.48%
TOTAL	**31,519.44**	**43,006.73**	**38,941.53**	**35,999.83**	**39,964.77**

Source: Eurodad based on World Bank, International Debt Statistics, July 2020

2.3. Are all payments being suspended?

The G20 agreement does not strictly apply to creditors other than bilateral government lenders, calling on multilateral development banks and private lenders to engage in similar commitments, but not providing a binding framework for that to happen. As a result, and as Table 2 shows, only 36 per cent of the debt payments due to be made between May and December by the beneficiary countries are subject to potential debt suspension. Up to US$ 20 billion will be repaid during the eight months when the initiative will first be active – from the most impoverished countries to multilateral and private creditors. If the DSSI were to be extended one more year, up to 2021, covering only bilateral lenders, the beneficiary countries would still be paying more than US$ 27 billion to multilateral and private lenders.

The G20 commitment launching the DSSI calls on multilateral development banks (including the World Bank and other regional development banks) to explore the possibilities for debt service suspension for a limited period of time. However, multilateral development banks, led by the World Bank, have systematically opposed their participation in a debt standstill under the argument that this would jeopardise their credit-worthiness. Multilateral development banks will be getting, from May to December 2020, US$ 9.47 billion in debt payments from the 68 DSSI beneficiary countries for which data is available, of which US$ 2.45 billion is owed to the World Bank.

BOX 1. Why does the World Bank say it can't provide a debt standstill?

David Malpass, President of the World Bank Group, along with other World Bank (WB) and multilateral development bank representatives, have repeatedly argued that the suspension of debt payments, without being fully compensated by new shareholder contributions, would affect their institutions' credit ratings. These multilateral institutions raise financial resources from bond markets (for instance, the very same day of the G20 agreement, 15 April, the World Bank raised US$ 8 billion from international investors in financial markets, in the largest ever US dollar denominated bond issued by a supranational) in order to then lend these resources to developing countries. The World Bank International Bank for Reconstruction and Development (IBRD) has had a triple-A credit rating since 1959, which allows it to borrow capital at low rates. For Malpass, delivering a debt standstill to developing countries facing a catastrophic economic and social situation would harm the Bank's rating and as a consequence reduce its ability to front-load assistance. Civil society organisations (CSOs) and institutions, including the UN, have been pressuring the World Bank to make a move in the direction of providing debt suspension on similar terms to that provided by the G20. For CSOs, the WB shouldn't let market considerations determine the response; the WB should provide the debt relief that many countries need. According to the Organisation for Economic Co-operation and Development (OECD), multilateral development banks hold about half of the debt stock of IDA and blend countries[3], but debt service is lower, around one third of the total, as lending to these countries is largely under concessional terms. From May to December 2020, cancellation of multilateral debt payments from 68 DSSI beneficiary countries for which data is available could provide up to US$ 9.75 billion and almost US$ 14 billion of additional resources if the cancellation was extended in 2021.

Table 3: Projected debt service payments from May 2020 to December 2024 to multilateral lenders (US$ million)

	May-Dec 2020	2021	2022	2023	2024
African Dev. Bank	480.49	867.96	942.76	904.94	886.30
Asian Dev. Bank	1,853.13	2,879.46	2,818.48	2,698.81	2,551.82
Inter-American Dev. Bank	179.22	260.62	268.65	272.90	277.87
International Monetary Fund	2,772.66	2,704.76	2,298.30	2,336.62	2,397.26
Other multilateral	2,003.44	2,549.87	2,401.38	2,208.99	1,987.98
World Bank-IBRD	159.64	281.30	293.47	327.65	329.05
World Bank-IDA	2,298.42	3,978.39	4,589.21	5,025.22	5,203.58
TOTAL MULTILATERAL	**9,747.01**	**13,522.35**	**13,612.25**	**13,775.13**	**13,633.84**

Source: Eurodad based on World Bank, International Debt Statistics, July 2020

G20 countries, the Paris Club as well as multilateral institutions such as the UN, IMF and the World Bank, have been calling on private creditors to participate in the initiative on comparable terms. The Institute of International Finance, a lobby group that represents the interests of the private financial sector, agreed on a general terms of reference for the voluntary participation of private lenders in the initiative. However, as of the start of July 2020, not a single private lender had offered debt cancellation or suspension. This means that the resources freed up by the bilateral debt standstill and new emergency finance provided by the IMF and other International Financial Institutions (IFIs) and donors is effectively allowing private creditors to enforce their claims, instead of financing an effective public policy response to the pandemic.

[3] IDA countries are those eligible for concessional funding from World Bank International Development Association. An annually updated threshold of GNI per capita defines which countries are IDA-eligible, 74 countries in 2020. "Blend" countries are those that, being IDA-eligible based on per capita income levels, are also creditworthy to borrow from the International Bank for Reconstruction and Development (IBRD). More information here: https://ida.worldbank.org/about/borrowing-countries

Table 4: Projected debt service payments from May 2020 to December 2024 to private lenders (US$ million and percentage)

Private lenders	May-Dec 2020	2021	2022	2023	2024
Bondholders	4,822.68	6,392.59	7,857.60	6,033.73	10,190.72
Non-official	5,395.19	7,166.38	3,108.41	2,246.88	1,961.86
TOTAL	**11,541.95**	**10,217.86**	**13,558.97**	**10,966.01**	**8,280.61**

Source: Eurodad based on World Bank, International Debt Statistics, July 2020

Between May and December 2020, the period in which the DSSI suspension is currently set to apply, the 68 potential beneficiary countries for which data is available are paying around US$ 11.54 billion to private creditors. Within that amount, more than US$ 4.8 billion is going to bondholders and US$ 5.39 billion is going to other private creditors.[4]

Private creditors are opting for a case by case approach to debt relief, to maximise what they can ultimately extract from countries in any subsequent restructurings, rather than endorsing blanket measures such as the DSSI. The IIF terms of reference for a voluntary private engagement with debt standstill has additional problems, as Eurodad analysis shows. For instance, the suspension of debt service payments to private creditors proposed by the IIF claims to adhere to the principle of NPV neutrality, but in fact fails to do so. In the IIF proposal, suspended interest payments by sovereign debtors are added on to the original amounts owed and will accrue extra interest. Countries participating in the initiative would thereby experience an increase in their debt burdens. Furthermore, the proposed structure of postponed interest capitalisation creates incentives for borrowing countries to offer sweeteners (such as high interest rates on deferred payments) to increase creditor participation. Given the high risk of debt distress present in a number of countries, this incentive structure may end up increasing the costs of an eventual debt restructuring process by raising the NPV of public debt stocks.

It is unlikely that a large number of countries will decide to request suspension of payments to private creditors under the IIF proposed terms, especially if we consider statements by credit rating agencies (CRAs), such as S&P, Moody's and Fitch on how a private creditor standstill would lead to a downgrade of sovereign ratings. Credit rating downgrades have been applied or signalled in at least a dozen African countries since the Covid-19 pandemic began: Angola, Botswana, Cameroon, Cape Verde, Democratic Republic of the Congo, Ethiopia, Gabon, Nigeria, Senegal, South Africa, Mauritius and Zambia. Even though ratings agencies say that requesting bilateral debt suspension from official creditors through the DSSI does not constitute per se a credit rating event, it does appear to be influencing downgradings. For instance, both in the cases of Pakistan and Senegal, Moody's stated that "the suspension of debt service obligations to official creditors alone would be unlikely to have rating implications; it provides liquidity relief at a time when Senegal's fiscal position is under pressure as a result of the global coronavirus shock. However, the G20's call on private sector creditors to participate in that initiative on comparable terms raises the risk of default on privately-held debt under Moody's definition".

Similarly, S&P have stated that, while debt relief from official creditors won't be treated as a sovereign default on its own, a country's failure to pay its scheduled debt service would be viewed as a credit negative, which in some cases could constitute a sovereign default. As a result, many have been hesitant to engage in discussions with private creditors so far, as indeed rating downgrades would impair access to future financing and increase borrowing costs. After being in the spotlight in the 1997 East Asia and 2008 global financial crises, the role of CRAs is under scrutiny and has raised both criticism and calls for their regulation.

4 According to the World Bank methodological note, "Non-official bilateral" includes all other private creditors (so, besides bondholders), including those that are officially supported by an export credit guarantee, or other form of risk-mitigating guarantee, from an official bilateral entity or multilateral institution.

BOX 2: Debt relief offered by the IMF - not much more than a symbolic gesture

On 13 April, the IMF announced moves to provide debt relief for an initial group of 25 selected countries. The programme deploys resources from the Catastrophe Containment and Relief Trust (CCRT) to cover scheduled IMF repayments from beneficiary countries over the next six months. While the provision of short-term debt relief by the IMF is a step in the right direction, coupled with steps to widen eligibility criteria, without large-scale additional funding the demand will exhaust most of the approximately US$ 600 million currently available at the CCRT and the capacity to provide further relief to these countries, or expand the coverage to more countries. At the time of writing, 27 countries had been granted debt relief under the CCRT in the wake of the Covid-19 pandemic, amounting to US$ 243.61 million. Furthermore, given the large amount owed to the IMF by developing countries in total, which is equivalent to eight times the debt relief recently offered, the initiative could be interpreted as no more than a symbolic gesture.

2.3. How much breathing space will the DSSI provide?

The DSSI is currently estimated to offer a maximum of US$ 11.54 billion in temporary support, if all the possible beneficiary countries choose to participate, while UNCTAD estimates developing countries need US$ 1 trillion in post-Covid-19 debt relief. Any breathing space provided by the DSSI may therefore be short-lived. If all the potential beneficiary countries applied, the debt suspension would only affect 27 per cent of all the debt payments of those countries in 2020 (considering all year-round payments and to all types of creditors). If we consider payments by all low- and middle-income countries (excluding China), the debt suspension offered by the G20 only covers 3.65 per cent of all the debt service payments to be made in 2020 (see completed set of data for the 68 potential beneficiary countries and other middle-income countries in the annex).

Table 5: Potential savings for and Debt service due in 2020 by DSSI eligible countries (US$ Millions and percentage)

	Potential DSSI Savings	Debt service due in 2020	Potential DSSI savings as a percentage of total debt service due in 2020
DSSI beneficiary countries that have requested debt service suspension	8,751.60	28,813.92	30.37%
DSSI potential beneficiary countries that haven't requested debt service suspension	2,796.80	13,886.00	20.14%
TOTAL	**11,548.40**	**42,699.92**	**27.05%**

Source: Eurodad based on World Bank, International Debt Statistics, July 2020

Table 6: Debt service due in 2020 by low- and middle-income countries excluded from DSSI (US$ Millions)

	Debt service due in 2020
DSSI initial beneficiary countries excluded due to arrears with IMF/WB	1,093.34
Lower middle-income countries excluded from the DSSI (excluding SIDS)	68,909.31
Upper middle-income countries excluded from the DSSI (excluding SIDS and China)	197,386.65
Small Island Developing States - SIDS - lower and upper middle-income, excluded from the DSSI	6,043.12
TOTAL	**273,432.42**
Potential DSSI savings as a percentage of total debt service due in 2020 by all low- and middle-income countries	3.65%

Source: Eurodad based on World Bank, International Debt Statistics, July 2020

The 40 countries that have so far requested to be part of the initiative account for 75.82 per cent of the total US$ 11.5 billion of potential suspension in debt payments – this is US$ 8.75 billion. It is worth noting that two countries, Pakistan and Angola, account for 61.15 per cent of the debt suspension granted so far (46 per cent of the potential total debt suspension under DSSI), with US$ 5.35 billion of debt payments suspended this year. For the countries that have requested a debt suspension, the temporary breathing space provided accounts for as little as 0.1 per cent of Gross Domestic Product (GDP) to countries like Burundi, Nepal or Papua New Guinea or as much as 3.1 per cent of GDP to a country such as Angola or 2 per cent in Mozambique.

Furthermore, as no measures have been put in place to enforce participation by multilateral development banks and private lenders, the resources freed up by suspending official bilateral debt payments may end up being used to pay other creditors, and private creditors in particular, rather than supporting the emergency response. We can expect that developing countries will be dealing with the impacts of the Covid-19 crisis on their economies for many years to come, so without full cancellation from all creditors, the G20 action currently pushes debt crisis risks further down the road.

The inability of the G20, IFIs, private creditors and credit rating agencies to respond to the magnitude of the crisis is leading us to a situation in which countries will not get the support they really need until it is too late and defaults become inevitable. The costs of that failure will be unfortunately measured in the millions of jobs and livelihoods lost, not due to a deadly virus, but due to an unwillingness to address the unfair and inefficient nature of the global financial system.

2.4. Outside the safety net: Countries excluded by the G20 DSSI

The crisis has laid bare once more the structural inequities of the international financial architecture. While low-income countries have received limited support through the G20 DSSI and advanced economies have implemented substantial fiscal and financial support packages, equivalent on average to 19.8 per cent of GDP, a group of 78 developing countries – which includes lower- and upper middle countries, as well as many small island developing states (SIDS) – have been left out to weather the crisis mostly by themselves. The size of the response packages in these countries is a fraction of that observed in advanced economies. Fiscal and financial measures to tackle Covid-19 in emerging markets (mostly upper-middle income) represent on average 5.1 per cent of GDP.

The startling disparity in responses can be attributed to financing constraints in the context of an uneven and unequal Global Financial Safety Net (GFSN). This net is meant to prevent and mitigate the impacts of an economic and financial crisis in the global economy. The GFSN is composed of access to IMF lending, central bank swaps and regional financial agreements. Taken together these different arrangements can help to mobilise up to US$ 3.5 trillion. However, emerging markets can only access a quarter of this figure and access for almost half of them is limited only to IMF lending.

While middle-income countries struggle to finance their response to Covid-19, external creditors have continued the timely collection of debt owed by the public sector. For the 68 countries for which data is available, which are not eligible to participate in the G20 DSSI, external public debt service is projected to reach US$ 273.43 billion in 2020 (see annex table - figure excludes payments by China). The overwhelming majority of these payments is owed to private creditors: US$ 196.7 billion, equivalent to 72.2 per cent of the total. Without a debt resolution framework or a binding sovereign debt standstill mechanism, these countries have very limited options for addressing debt burdens besides case-by-case complex and lengthy negotiations with a myriad of external private creditors. The potential for legal and economic retaliation by creditors is substantial, while the odds of success are minimal. The dysfunctionality of the system helps to explain why countries continue to service their debts despite the cost of opportunity in terms of lives lost to the pandemic.

The most troubling aspect of this dynamic is the false sense of complacency buoyed by recent market developments that has been embraced by the G20. After the initial market panic that triggered capital outflows from developing countries of close to US$ 100 billion between February and April of this year, a steady recovery has taken place. Aggregated outflows since the beginning of the year now stand at US$ 32.9 billion. Measures adopted by central banks in advanced economies and issuance of additional debt by emerging countries have supported the return of international investors over the last three months. Since the beginning of the year, these countries have issued more than US$ 920 billion in domestic and external debt to finance their response to the pandemic. Issuance of new debts at this pace would stand above the levels observed over the last five years. The return of private investors is fuelling the belief that the financial challenges faced by developing countries are mostly under control and no additional measures are required.

A cursory glance at the economic and health impact of the pandemic shows how wrong and dangerous this perception is. Economic projections of the impact of the pandemic have been steadily revised downward as more information has become available. Growth, fiscal balances and debt projections on the impact for the pandemic on developing countries prepared by the IMF have been slashed between April and June of this year. Developing countries' economies are expected to contract by 3 per cent of GDP in 2020. This represents a downward revision of 2 percentage points over the initial projection. In a similar vein, public debt is now projected to increase from 52.4 per cent of GDP in 2019 to 63.1 per cent in 2020. The revised figure includes an increase of 1.1 percentage points in public debt compared to the figures published in April. Developing countries are effectively expected to carry a substantially higher debt burden with much diminished economic prospects as the pandemic ravages their populations.

While China, Europe and the US experienced most of the initial deaths caused by Covid-19, the pandemic has now taken firm root in developing countries. As of July, developing countries account for 80 per cent of the more than 4,000 lives that Covid-19 is claiming on a daily basis. Prevalence of structural factors such as high poverty rates, widespread presence of informal labour and precarious social safety nets have diminished the effectiveness of containment measures. Around the world, 1.8 billion informal workers and 300 million recently unemployed people are faced everyday with the choice of hunger and deprivation or exposure to the pandemic. Millions of people are forced to break lockdown measures in order to provide for themselves and their families. This has created the conditions for the pandemic to spread at a growing rate in most of Africa and Latin America. As the pandemic intensifies and lengthens in duration, the capacity of authorities to maintain preventive quarantine measures is being pushed to breaking point. It is only a matter of time before a number of these countries are faced with a similar type of existential choice, between servicing their debts or protecting their populations. Once that moment arrives, developing countries will be in a much weaker position to deal with another sudden stop in the economy of the scale observed at the beginning of this year. By that point, default and a widespread debt crisis will be the likely outcome.

This stark dilemma highlights the short-sighted nature of the support offered to middle-income countries, embodied in the shortfalls of the G20 DSSI. Emphasis on the voluntary involvement of private creditors in addressing the challenges raised by Covid-19, instead of establishing binding mechanisms for equitable burden sharing, will only increase the human and economic cost of the crisis.

3. How the DSSI is falling short: the cases of Nepal, Cameroon, Kenya and El Salvador[5]

In this section, we will look at four case studies that illustrate the shortcomings of the DSSI initiative.

3.1. Nepal[6]

Nepal is one of the 40 countries that had applied to the DSSI as of 30 June 2020 and one of the 18 countries that had signed a Memorandum of Understanding (MoU) with the Paris Club to benefit from a temporary suspension of debt payments. The moves will allow the country to defer debt service obligations owed to official creditors amounting to US$ 18.8 million for the remainder of 2020. In addition, the country received a loan under the IMF Rapid Credit Facility (RCF) for US$ 214 million to address the pandemic. The support and relief provided falls dramatically short relative to the social and economic impact of the crisis and the overall evolution of debt vulnerabilities.

The efforts to contain Covid-19 have been relatively successful in Nepal. According to the World Health Organiziation (WHO), Nepal reported 16,649 cases of Covid-19 and a total of 35 deaths as of 10 July. The rate of contagion has been on a downward trend, from a maximum of 740 new cases per day at its peak to 120 in July. Despite this positive development, the crisis is expected to represent a sharp setback in the improvements in human development achieved over the last decade. More than 2 million people are projected to lose employment while an additional 1.5 million migrants are expected to return to the country. Currently there are 9.9 million people (34 per cent of the population) living in a situation of poverty. This number is set to increase as a result of the pandemic.

The ongoing economic crisis is intimately related to these dynamics. GDP growth is estimated to decline from 7.1 per cent in 2019 to 1 per cent in 2020. The key driver of this dynamic is the reduction in the two main sources of foreign exchange of the country: tourism and remittances. They are estimated to decrease by a total of US$ 1.9 billion (7.2 per cent of GDP) in 2020. Government finances will sustain a significant hit as a result. Fiscal revenues are projected to decline by US$

5 This section of the report was prepared by Fanny Gallois (Plateforme Dette et Développement), Jürgen Kaiser (Erlassjahr.de) and Daniel Munevar (Eurodad).

6 Unless noted, all figures from this section correspond to IMF (2020) "Nepal—Request For Disbursement Under The Rapid Credit Facility—press Release; Staff Report; And Statement By The Executive Director For Nepal" IMF Country Report No. 20/155.

278 million (2 per cent of GDP) in 2020. In this context, the country will quickly reverse the response package introduced to tackle Covid-19 worth US$ 738 million (2.3 per cent of GDP). Nepal is expected to cut government expenditures by 2 per cent of GDP between 2021 and 2022. This will bring overall expenditures to below pre-crisis levels, which point to cuts across the budget at a time where strengthening of public capacities is most needed.

Debt burdens will worsen as a result of the crisis. Public debt levels are set to rise from 30.1 per cent to 43.8 per cent of GDP between 2019 and 2022. In absolute terms, this represents an increase of US$ 7.2 billion. Most of the build up will take place through issuance of debt in domestic markets. Domestic public debt is projected to increase its share in public debt from 43.5 per cent to 52.9 per cent during these years. While domestic debt lowers the degree of vulnerability to external shocks, it also increases debt servicing costs. As a result of the changes in the volume and composition of public debt, the share of government revenues devoted to debt service will increase from 24.4 per cent in 2019 to 28.5 per cent in 2022. Debt is set to further limit the capacity of the Nepalese government to respond to the needs of its population.

Against this background, debt service suspension by bilateral creditors is clearly insufficient to tackle the challenges faced by the country. The case of Nepal highlights the importance of both extending the G20 DSSI past 2020 and including multilateral creditors as part of the suspension. Debt service due to multilateral creditors by Nepal amounts to US$ 219 million in 2020, equivalent to 87 per cent of external public debt service. An extension of the G20 DSSI, including multilateral creditors, could add up US$ 274 million per year in freed up resources for Nepal. These could be deployed to tackle the financing requirements of post Covid-19 recovery efforts and reduce overall debt vulnerabilities.

3.2. Cameroon

Cameroon's eligibility for the G20 DSSI was confirmed on 19 May. The initiative could free up US$ 276 million in 2020 (33 per cent of the overall external public debt service in 2020), at a time when the country is under great pressure due to the shock and subsequent loss of revenues as a result of the pandemic.

However, shortly after the agreement was announced, the Credit Rating Agency Moody's placed the country's ratings on review for downgrade, explaining that its participation in the initiative raised the "risk that private sector creditors will incur losses", if they were to participate in the initiative on comparable terms. This threat could not only translate into an actual downgrading of the country's rating, and a subsequent increase in the cost of future loans and a potential aggravation of its debt burden, but it could also prevent Cameroon from seeking a suspension from its private creditors, to whom it owes more than 20 per cent of its external debt service this year. If private creditors keep seeking payments, the money freed by the G20 moratorium is at risk of ending up in their pockets, rather than going towards much-needed social, health or economic spending in response to the crisis.

Indeed, as of 10 July, the spread of Covid-19 in Cameroon is still on the rise. Since the start of the pandemic, there have been a total of 14,196 cases and 359 deaths reported. The country is considered to be the epicentre of the pandemic in West and Central Africa. As is the case for most of the countries in the region, Cameroon's capacity to deal with the pandemic through lockdown measures is hampered by structural socio-economic factors: 90.5 per cent of the workers are in the informal sector and 88 per cent of the population is outside the social safety net; 10.9 million people live in poverty (45.3 per cent of the population) with extremely limited access to water supplies and adequate housing conditions. The healthcare system is weak with only 0.9 physicians per 10,000 people and 40 ventilators to provide coverage for 25 million people. These elements account for the lack of success of local authorities in containing the pandemic.

Debt further hampers the capacity of the country to invest resources in its pandemic response. In 2015, for example, Cameroon launched a Eurobond issuance, which amounted to around US$ 750 million of debt at an 8.8 per cent interest rate. A debt that Cameroon will need to keep paying in 2021 and beyond, when it will need to resume payments of its suspended bilateral debt. Between 2021 and 2024, Cameroon will need to repay more than US$ 3.3 billion to its lenders, plus the postponed debt payments and newly acquired debt to face the financial needs arising from the pandemic. There is therefore little doubt that debt in Cameroon will not be sustainable at that stage.

3.3. Kenya[7]

In spite of the severe impact of the pandemic, Kenya has been one of the countries that has announced it will not participate in the G20 DSSI. This decision has been guided by concerns over potential impacts on its access to financial markets. Credit rating agency downgrades of countries participating in the G20 DSSI, such as Cameroon, help to explain the position adopted by the government of Kenya. A rating downgrade simultaneously increases financing costs while it limits access to additional market financing. Thus, in some cases the long-term costs associated with a downgrade are perceived to outweigh the short-term benefits of a debt service suspension.

In the case of Kenya, this balancing act can be represented as follows. On the one hand, Kenya is eligible for a G20 DSSI payment suspension of up to US$ 803 million in 2020. On the other hand, external public debt of the country owed to private creditors amounts to US$ 10.2 billion. This represents 33 per cent of the external public debt of the country. Debt servicing costs on this type of debt average US$ 502 million per year for the 2020-2022 period. Participation in the G20 DSSI for Kenya would place the country in a scenario where payment of suspended debt service under the initiative would come in addition to increased debt servicing costs on external public debt owed to private creditors starting in 2022. In a twist of tragic irony, Kenya can ill afford to receive much-needed relief in 2020 as the risks it would assume in a context of a high degree of debt vulnerabilities would be intolerable.

This dynamic is highly problematic given the impact of the crisis in the country. According to the WHO, Kenya reported 9,448 cases of Covid-19 and a total of 181 deaths as of 10 July. The rate of spread of the disease is still growing, reaching a peak of 500 new cases per day in the latest reporting at the time of writing, illustrating that Covid-19 is not yet under control in the country. In addition to the pandemic, a severe locust infestation threatens famine. An estimated 14.5 million people are categorised as food insecure in the country. The capacity of the authorities to deal with these threats is extremely limited: 19.2 million people (38.7 per cent of the population) live in poverty with a lack of access to housing, inadequate water, hygiene and sanitation (WASH) infrastructure and deficient healthcare services. The country has a total of 518 intensive care units available for its more than 50 million citizens.

The economic prospects are daunting. GDP growth is set to decline from 5.4 per cent in 2019 to 0.8 per cent in 2020. Economic activity in key sectors such as agricultural exports and tourism are projected to decrease by US$ 1.6 billion (1.9 per cent of GDP) in 2020. Remittances are also expected to contract by US$ 197 million (0.4 per cent of GDP). This dynamic is putting significant pressure on government finances. The government of Kenya has put in place a response package to Covid-19 with measures worth US$ 1.44 billion (1.44 per cent of GDP). Financing for these measures has been provided, in part, by an IMF RCF loan of US$ 739 million. However, as in other cases, these measures are expected to be removed in a matter of months. The country is expected to cut expenditures, equivalent to 2.3 per cent of GDP, between 2020 and 2022. As in the case of Nepal, this will reduce overall public expenditure levels to below pre-crisis levels.

Kenya's public debt vulnerabilities will increase substantially. Public debt will rise from 61.7 per cent of GDP in 2019 to 69.9 per cent in 2022. This is equivalent to an increase of US$ 23.7 billion. The burden of debt service on government revenues is set to increase to truly concerning levels: from 53.5 per cent to 74.5 per cent during the same period. Creditors not included in the initiative will continue to collect payments on the country in staggering amounts. In 2020, multilateral and private creditors of Kenya are expected to receive US$ 793 million and US$ 663 million in debt service. Similar figures are projected for the coming years. While these resources will be allocated to meet creditor claims, the government of Kenya will be forced to weaken its capacity to respond to shocks and meet the financing requirements of the 2030 Sustainable Development Goals (SDG) Agenda.

The case of Kenya reveals additional structural limitations of the G20 DSSI. The choice to provide a suspension, instead of a cancellation, and the emphasis on voluntary involvement by private creditors has placed countries such as Kenya in an impossible situation. While the country requires debt relief, it cannot officially request it for fears of worsening its debt vulnerabilities. It is likely that such a request will only take place once a default becomes inevitable and the human and economic costs of the crisis have needlessly spiralled out of control over the coming years.

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7 Unless noted, all figures from this section correspond to IMF (2020) "Republic Of Kenya - Request For Disbursement Under The Rapid Credit Facility—press Release; Staff Report; And Statement By The Executive Director For The Republic Of Kenya" IMF Country Report No. 20/156.

3.4. El Salvador

Before the economic fallout of the Covid-19 pandemic started to be felt in El Salvador, the 'pulgarcito de America' was already the most critically indebted among the five Central American republics. On 1 January 2019, El Salvador showed the highest values for three out of five debt indicators (Public debt /GNI, External debt /Exports, External Debt Service/Exports), and the second highest in two others (Public Debt/Public Revenue and External Debt/GNI).

As a middle-income country, El Salvador was excluded from HIPC relief[8] in the 1990s and early 2000s, which in the region only benefitted Honduras and Nicaragua. The same logic came to bear in April 2020, when the G20 launched the DSSI, and again inclusion/exclusion was decided on the basis of IDA-access. This in turn was largely based on per capita income, ignoring whether the country in question had a debt problem or was affected by the pandemic and the subsequent recession in some pronounced way.

Initial debt sustainability projections by the IMF in mid-April assumed a V-shaped crisis, which after a 2020 growth rate of -5.4 per cent would already be largely compensated in 2021 with positive growth of 4.5 per cent. In June 2020, the IMF revised both projections for the wider Latin America and Caribbean region, but no renewed calculation for El Salvador had been made available at the time of writing. The most important risk factors against such an optimistic scenario include a sharp decrease in remittances, increasing borrowing costs from financial markets, political instability and a questionable management of the pandemic health risks. Remittances, mostly from the USA, Canada and Spain, account for around one fifth of GDP. With the pandemic still spreading in the US and ongoing risks to further growth in unemployment, remittances may be even more affected than currently predicted. The decrease in revenue will put more pressure on debt levels. On top of the already one third of external debt that is owed to foreign bondholders, at the outset of the recession the government issued another US$ 1 billion bond with a 7.12 per cent coupon, due for repayment from 2022. The country would have struggled to service this coupon from its normal current income, even without a recession.

Under the two former administrations, the country had gained some level of political stability. With the arrival of populist president Najib Bukele, this stability has largely faded away. One very visible example is the military occupation of the parliament in February in order to enforce a budget amendment requested by the president and benefitting the military through further weapons purchases abroad. This political instability seems to have also been translated into a mismanagement of the health crisis.

As of 10 July, the pandemic shows a troubling trend in the country. Confirmed cases are on the rise and reached a peak of 298 new cases per day in the latest available reporting. A total of 9,142 cases and 249 deaths have taken place since the beginning of the pandemic. The crisis is expected to exacerbate poverty and deprivation. There are 2.2 million people (33.8 per cent of the population) living in poverty in El Salvador. It is estimated that one out of three families in the country is headed by women, equivalent to 580,000 households. These are in a situation of extreme vulnerability given patterns of female employment and unpaid household work. As in other cases, the capacity of the country to extend a temporary safety net to enforce lockdown measures is hampered by fiscal constraints, debt vulnerabilities and a lack of support from the international community.

4. Conclusion: We need an ambitious and systemic solution to the debt problem

The Covid-19 crisis has unveiled and amplified a pre-existing debt crisis across the global south. Yet the group-wise approach to debt relief agreed by the G20, and efforts towards coordinated action by Paris Club creditors and China, would have been unthinkable at the start of 2020, despite the deteriorating debt landscape in developing countries. The G20 DSSI does represent a necessary and significant first step. However, as this report shows, it falls far short of the effort needed to meet the current scale of need in the global south: an effort that is vital to stave off a full-blown wave of defaults, and the human and social costs that this will entail, above and beyond the damage already being inflicted by Covid-19. A much more ambitious approach is needed to tackle this unprecedented crisis. A scaling up of the G20 DSSI should be agreed urgently to release much-needed funds to deal with the enormous challenges in tackling the health, social and economic crisis, including all countries in need and all creditors – multilateral development banks and those from the private sector

[8] The Highly Indebted Poor Countries (HIPC) initiative was a debt relief scheme launched by the World Bank and endorsed in 1996 and implemented by G7 and Paris Club creditor countries. It provided significant debt relief from bilateral Paris Club creditors for a group of 36 countries, and it was complemented in 2005 with the Multilateral Debt Relief Initiative (MDRI), that provided additional cancellation of multilateral debt.

alike. But the international community cannot stop there.

Countries were already facing huge funding gaps to meet the SDGs before the pandemic struck, and UNCTAD, among others, had identified the need for substantial debt relief as being necessary to contribute to reducing this gap. The situation we face in the wake of the pandemic means even greater need for concerted global action on debt cancellation and restructuring for developing countries. Otherwise, the alternative is the abandonment of the 2030 SDG Agenda, as well as specific international commitments regarding gender equality and the Paris Agreement on Climate Change.

As we have seen, while the DSSI adopted by the G20 has relieved some of the pressure through the provision of short-term debt service suspension, for many countries, including those being granted limited breathing space, many challenges remain unaddressed. Debt levels are expected to increase substantially for developing countries across all country income groups and the risk of widespread sovereign debt distress means a series of complicated sovereign defaults is likely, and some are already underway. As IMF's chief economist Gita Gopinath recently recognised, many countries may need a full-scale debt restructuring in the aftermath of the health crisis and its economic fallout. Similarly, Carmen Reinhart, the newly appointed chief economist of the World Bank, acknowledged that "the initial timeline for the G20 debt initiative would have to be revisited and the debt restructuring process needed to become faster and more expedient". This prospect of multiple defaults and concurrent sovereign restructurings will put the current, inadequate system for debt crisis resolution under immense strain.

Indeed, the lack of a mechanism to ensure a timely and comprehensive approach to fair, transparent and durable debt restructuring, including necessary debt cancellation, is already increasing the economic (and social) cost of debt resolution for creditors and debtors alike. The slow adoption of the G20 Debt Service Suspension Initiative (DSSI) by eligible countries, and the lack of participation by private creditors, are a symptom of this structural shortcoming of the international financial architecture.

Furthermore, the current situation is being treated as if it were just the consequence of a brief and temporary shock causing a liquidity shortage. On the contrary, the impacts of Covid-19 are exacerbating existing dramatic economic, social and gender inequalities. This has made explicit the systemic failures of the economic model and the vulnerabilities to exogenous shocks it imposes upon countries in the global south. More ambitious and systemic solutions are the only way to prevent countries in the global south and their people from sinking into a more profound economic and humanitarian crisis, leading to another "lost decade" for development.

This systemic approach to the resolution of the present debt crisis means that the G20 governments and IFIs need to take the following actions:

- Agree and implement a **post-Covid-19 debt relief and sustainability initiative** under UN auspices to bring developing country debts down to sustainable levels and which considers countries' long-term financing needs to pursue the SDGs, climate goals, and human rights and gender equality commitments. This should involve all creditors and ensure debt cancellation and restructuring.

- Progress towards a **permanent multilateral framework** under UN auspices to support systematic, timely and fair restructuring of sovereign debt, in a process convening all creditors.

The goal of these reforms is to support countries in achieving a sustainable and inclusive recovery, as well as sustainable development prospects for the future while maintaining debt sustainability. This means overcoming current lender-led processes, establishing a framework for urgent debt cancellation and restructuring, and moving to a permanent, independent and multilateral process under UN auspices, that allows civil society participation and considers not only capacity for payment but also development needs, human rights, gender equality and climate vulnerabilities, as well as issues of debt (il)legitimacy. Steps should also be taken towards agreement on binding rules on responsible sovereign lending and borrowing in order to support improved debt crisis prevention. Leaders should consider convening a 4th UN Financing for Development conference in the form of an Economic Reconstruction and Systemic Reform Summit, to secure intergovernmental agreements on these long-standing issues.

As well as these reforms, it is critical that G20 governments and IFIs also agree on a number of immediate measures to answer the very urgent needs of the countries and people in the global south today. These include action to:

- **Scale up the current IMF and G20 debt relief initiatives**, in order to offer permanent cancellation of all external debt payments for up to four years –

as the African Union countries have requested – to all global south countries in need.

- **Secure the participation of all creditors**, including the World Bank and other multilateral development banks, as well as private creditors, in the DSSI and any further debt relief offers. As long as multilateral and private creditors do not participate in the efforts to tackle the debt crisis through a debt standstill or cancellation, resources freed up via the efforts of other creditors and new emergency financing provided to fight the impacts of Covid-19, will effectively be diverted to pay those non-participating creditors.

- **Support borrower countries that decide to suspend payments** in order to protect the rights and needs of populations, especially to maintain and increase social protection and health spending in response to Covid-19. This includes:

  - Taking action in key jurisdictions, and in particular in the UK and New York, to introduce legislation to prevent a lender suing a government for following the G20 DSSI and suspending debt payments.

  - Making clear statements supporting borrowing countries deciding on the use of Article VIII, Section 2 (b) of the IMF Articles of Agreement, which allows for the establishment of a binding sovereign debt standstill mechanism, and /or the use of 'state of necessity' defence in the case of suspending debt payments in order to protect the rights and needs of populations.

- **Provide emergency additional finance** to support developing countries to tackle the health, social and economic crises, favouring grants over loans, so this does not aggravate unsustainable debt levels in the near future. Furthermore, debt relief should not be reported as Official Development Assistance (ODA), as this practice would lead to the double counting of risks of default, the inflation of ODA statistics, and would potentially undermine the real flow of resources from donor countries to support developing countries tackling the Covid-19 crisis. Efforts should also be stepped up to secure a new and large issuance of IMF Special Drawing Rights to help alleviate liquidity pressures on developing countries in need.

ANNEX

List of developing countries included and excluded from the DSSI

INCLUDED

DSSI beneficiary countries that have requested debt service suspension (as of 7 July 2020)		
	Potential DSSI Savings	Debt service due in 2020
Afghanistan	39.10	133.73
Angola	2,645.60	4,637.18
Burkina Faso	23.30	168.73
Burundi	3.90	37.98
Cabo Verde	14.90	87.63
Cameroon	276.10	821.78
Central African Rep	6.30	22.70
Chad	61.00	172.04
Comoros	2.30	8.98
Dem. Rep. Congo	104.40	1,098.40
Republic of Congo	146.20	260.53
Côte d'Ivoire	232.10	1,513.13
Djibouti	59.20	160.43
Dominica	4.40	25.52
Ethiopia	511.30	2,320.40
The Gambia	11.50	79.19
Grenada	7.00	60.13
Guinea	129.70	224.23
Kyrgyz Republic	51.70	213.33
Madagascar	24.00	160.32
Malawi	17.10	187.07
Maldives	36.70	168.51
Mali	52.30	237.59
Mauritania	90.00	376.82
Mozambique	294.20	1,582.69
Myanmar	371.60	767.95
Nepal	18.80	251.51
Niger	25.80	149.82

DSSI potential beneficiary countries that haven't requested debt service suspension (as of 7 July 2020)		
	Potential DSSI Savings	Debt service due in 2020
Bangladesh	319.80	2,019.71
Benin	13.70	187.63
Bhutan	206.50	360.22
Cambodia	206.20	427.38
Fiji	13.30	260.48
Ghana	354.10	1,836.52
Guinea-Bissau	0.90	15.29
Guyana	12.90	71.14
Haiti	40.50	70.39
Honduras	67.50	1,016.52
Kenya	802.60	2,676.75
Kiribati	...	...
Kosovo	7.80	91.70
Lao PDR	270.30	939.46
Lesotho	9.50	103.95
Liberia	1.80	43.66
Marshall Islands	...	...
Micronesia	...	...
Moldova	27.30	215.39
Mongolia	67.80	561.92
Nicaragua	33.40	355.26
Nigeria	107.50	1,528.03
Rwanda	12.60	124.07
Samoa	9.90	31.97
Solomon Islands	1.50	6.91
Somalia	...	41.75
South Sudan	...	...
St. Lucia	4.00	21.40

Pakistan	2,705.70	8,947.09
Papua New Guinea	22.70	261.03
S. Tomé & Príncipe	2.10	6.78
Senegal	131.70	686.65
Sierra Leone	7.00	69.25
Tajikistan	63.40	210.98
Tanzania	148.90	717.72
Togo	25.80	102.78
Uganda	95.40	324.78
Vanuatu	6.50	21.69
Yemen	142.70	379.13
Zambia	139.20	1,157.73

St. Vincent & Grenadines	4.00	33.62
Timor-Leste	...	8.08
Tonga	6.00	15.68
Tuvalu	...	...
Uzbekistan	195.40	821.09

Source. Eurodad based on World Bank. International Debt Statistics. July 2020[9]

EXCLUDED

Lower middle-income countries excluded from the DSSI (excluding SIDS)	
	Debt service due in 2020
Bolivia	859.04
Egypt. Arab Rep.	11,168.12
El Salvador	818.02
Eswatini	56.65
India	15,414.85
Indonesia	17,540.50
Morocco	4,771.73
Philippines	4,676.03
Tunisia	2,651.47
Ukraine	5,658.57
Vietnam	5,294.33

Upper middle-income countries excluded from the DSSI (excluding SIDS and China)	
	Debt service due in 2020
Albania	713.55
Algeria	93.42
Argentina	18,104.76
Armenia	899.29
Azerbaijan	1,381.19
Belarus	4,030.58
Bosnia and Herzegovina	597.13
Botswana	166.74
Brazil	17,027.49
Bulgaria	521.90
Colombia	6,473.61
Costa Rica	1,610.80
Ecuador	5,508.62
Gabon	573.30

9 Data for countries that are potential beneficiaries of the DSSI has been extracted from the recently updated database published by the World Bank for the DSSI countries within the International Debt Statitstics on July 7th 2020 - https://datatopics.worldbank.org/debt/ids/. Data for countries excluded from DSSI has been extracted from the general International Debt Statistics database on July 7th 2020 - https://data.worldbank.org/products/ids. Although both sources are published by the World Bank under International Debt Statistics. data for DSSI countries difer from one to the other.

Small Island Developing States (SIDS) lower- and middle-income, excluded from the DSSI	
	Debt service due in 2020
Bahrain	141.13
Belize	2,027.16
Cuba	2,738.78
Dominican Republic	903.20
Georgia	226.47
Jamaica	903,20
Mauritius	232,85

DSSI initial beneficiary countries excluded due to arrears with IMF/WB	
	Debt service due in 2020
Eritrea	35.23
Syrian Arab Republic	271.98
Sudan	637.38
Zimbabwe	148.75

Guatemala	615.01
Iran. Islamic Rep.	120.74
Jordan	2,255.95
Kazakhstan	2,270.28
Lebanon	4,754.24
Mexico	34,091.33
Montenegro	705.93
North Macedonia	799.51
Paraguay	561.94
Peru	1,322.36
Romania	4,913.52
Russian Federation	47,553.53
Serbia	2,980.06
South Africa	6,808.48
Sri Lanka	4,467.35
Thailand	1,339.13
Turkey	15,679.42
Turkmenistan	64.76
Venezuela. RB	8,380.73

Source: Eurodad based on World Bank. International Debt Statistics. July 2020 [1]
Note: This table only includes the countries for which there is data available.

Potential debt service suspension as a percentage of total debt service payments in 2020 for DSSI beneficiary countries

Countries that have requested DSSI	
Afghanistan	29.24%
Angola	57.05%
Burkina Faso	13.81%
Burundi	10.27%
Cabo Verde	17.00%
Cameroon	33.60%
Central African Republic	27.75%
Chad	35.46%
Comoros	25.60%
Democratic Republic of the Congo	9.50%
Republic of Congo	56.12%

Beneficiary countries that haven't requested DSSI (6 july 2020)	
Bangladesh	15.83%
Benin	7.30%
Bhutan	57.33%
Cambodia	48.25%
Fiji	5.11%
Ghana	19.28%
Guinea-Bissau	5.88%
Guyana	18.13%
Haiti	57.54%
Honduras	6.64%
Kenya	29.98%

Côte d'Ivoire	15.34%
Djibouti	36.90%
Dominica	17.24%
Ethiopia	22.03%
The Gambia	14.52%
Grenada	11.64%
Guinea	57.84%
Kyrgyz Republic	24.23%
Madagascar	14.97%
Malawi	9.14%
Maldives	21.78%
Mali	22.01%
Mauritania	23.88%
Mozambique	18.59%
Myanmar	48.39%
Nepal	7.47%
Niger	17.22%
Pakistan	30.24%
Papua New Guinea	8.70%
São Tomé and Príncipe	30.95%
Senegal	19.18%
Sierra Leone	10.11%
Tajikistan	30.05%
Tanzania	20.75%
Togo	25.10%
Uganda	29.37%
Vanuatu	29.97%
Yemen	37.64%
Zambia	12.02%

Kiribati	
Kosovo3	8.51%
Lao PDR	28.77%
Lesotho	9.14%
Liberia	4.12%
Marshall Islands	
Micronesia	
Moldova	12.67%
Mongolia	12.07%
Nicaragua	9.40%
Nigeria	7.04%
Rwanda	10.16%
Samoa	30.96%
Solomon Islands	21.70%
Somalia	
South Sudan	
St. Lucia	18.69%
St. Vincent and the Grenadines	11.90%
Timor-Leste	
Tonga	38.25%
Tuvalu	
Uzbekistan	23.80%

Source: Eurodad based on World Bank. International Debt Statistics. July 2020

Acknowledgements

The author is grateful for very valuable inputs from Mark Perera, Daniel Munevar and Jean Letitia Saldanha (Eurodad), as well as for the contributions from Fanny Gallois (Plateforme Dette et Développement) and Jürgen Kaiser (Erlassjahr.de)
Copy editing: Vicky Anning, Julia Ravenscroft and Mary Stokes.

All opinions are Eurodad's alone, and all errors and omissions are the author's responsibility.

Eurodad

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This briefing has been produced with the financial assistance of the European Union and Bread for the World. The contents of this publication are the sole responsibility of Eurodad and the authors of this report and can in no way be taken to reflect the views of the funders.

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