



State Contingent Debt Instruments (SCDIs)

[Source: TH](#)

The [Global Sovereign Debt Roundtable \(GSDR\)](#), which addresses challenges in debt restructuring processes, is set to discuss **State Contingent Debt Instruments (SCDIs)**.

▪ SCDIs:

- It helps speed up [debt restructuring](#) by offering bonds with **payouts contingent** on countries meeting specific economic or fiscal targets.
 - E.g., [GDP-linked bonds](#) issued by **Ukraine** that are tied to **economic growth**.
- They do **not** have a **fixed interest rate**.
 - Payout structure varies depending on **economic growth, natural resource revenue, or tax receipts**.
- SCDIs act as “**deal accelerators**,” especially in cases where there are fundamental disagreements about a country's **economic outlook**.

▪ GSDR:

- GSDR, which is **co-chaired by the IMF, World Bank**, and the **G20 Presidency** (currently Brazil), started functioning in 2023.
- It comprises **official bilateral creditors** (both traditional creditors members of the [Paris Club](#) and new creditors), **private creditors** and **borrowing countries**.
 - The **Paris Club (1956)** is an **informal group of creditor countries** that work together to support nations facing **financial difficulties**, chiefly those **struggling to pay off debts**.

MANAGING GLOBAL DEBT VULNERABILITIES

The Global Sovereign Debt Roundtable (GSDR)

A joint initiative of the IMF, World Bank, and the Indian G20 Presidency, the Global Sovereign Debt Roundtable (GSDR) was launched earlier in 2023 as an additional measure to accelerate debt restructuring efforts.

The GSDR will strengthen communication and foster a common understanding among key stakeholders, both within and outside the Common Framework, for facilitating effective debt treatments.

The Brazilian Presidency will continue build on the ongoing momentum on the debt agenda.



Read More: [UN Report on Global Debt Crisis](#)

PDF Reference URL: <https://www.drishtias.com/printpdf/state-contingent-debt-instruments-scds>

