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News: State Contingent Debt Instruments (SCDIs)

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

State Contingent Debt Instruments (SCDIs)

- State Contingent Debt Instruments (SCDIs) **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.**