



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

[REDACTED] MP
House of Commons
London
SW1A 0AA

12th November 2018

Your ref: [REDACTED]

Dear [REDACTED],

Thank you for your letter of 22 October to the Chancellor of the Exchequer enclosing correspondence from your constituents about the transparency of loans to developing countries. I am replying as the minister responsible for this policy area.

The Government recognises the importance of debt sustainability and transparency. This is also true for the poorest countries, where strong public financial management will be required to achieve the United Nations' Sustainable Development Goals. While ensuring sustainability and transparency is fundamentally the responsibility of borrowers, creditors must also play their part in creating a sustainable debt ecosystem. The UK is actively engaged in discussions on these issues in multiple international fora, including: the International Monetary Fund (IMF); World Bank Group (WBG); G20; and Paris Club of official creditors.

In April 2018, the UK supported calls through the IMF Council and World Bank Group Development Committee for the two organisations to work together on a multi-pronged work program to enhance debt transparency and sustainability and address developing country public debt vulnerabilities. This program includes both engagement with borrowers to improve their debt management, and with creditors to help support sustainable lending practices and creditor coordination. The UK will continue to work with other G20 members to monitor the progress of this work programme which is led by the multilateral institutions. For your constituents' reference, further detail on this work is available in a series of reports that the two institutions wrote for the G20 in July 2018: www.imf.org/external/np/g20/pdf/2018/072718.pdf.

The G20 continue to prioritise work on debt transparency and sustainability, with the July 2018 Finance Ministers and Central Bank Governors' Communique stating: "*we will work towards enhancing debt transparent and sustainability, and improving sustainable financing practices by debtors and creditors, both official and private.*"

In 2017, the G20 agreed Operational Guidelines for Sustainable Financing to promote transparent and sustainable lending to low income countries from G20 members. The UK is working with G20 partners to ensure the ongoing implementation of the Guidelines. This will help further develop official sector best practice, and demonstrate the need for action to other stakeholders.

The G20 is also supporting industry-led work by the private sector to improve monitoring and disclosure of sovereign debt in low-income countries. The Institute of International Finance (IIF) is a membership organisation representing many private sector creditors to sovereign nations. The IIF has recently constituted a Debt Transparency Working Group to assess the feasibility of developing voluntary principles on disclosure of lending to sovereign nations, particularly low-income countries. The UK supports the G20's hope that, if delivered, this would be a major step in improving disclosure of lending to developing countries.

Your constituents specifically raise the transparency of operations by UK Export Finance (UKEF) - the UK's export credit agency. UKEF complies with the highest standards of international disclosure. It publishes details of the guarantees and loans it provides in its Annual Report and Accounts, which are presented to Parliament and published on its website. Where UKEF provides financing for public borrowers or guarantors in developing countries, it is subject to OECD Sustainable Lending Principles. Under these principles, UKEF's financing should support a country's economic and social progress without endangering its financial future and long-term development prospects.

The UK will continue to be a leading voice at the G20 to promote debt transparency and sustainability in low income countries.

Please pass on my thanks to your constituents for taking the trouble to make me aware of these concerns.

with very best regards

JGlen

JOHN GLEN