Layering of informal organizations in international regimes: The G20 Common Framework and the sovereign debt regime

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Abstract

Given that informal organizations are thought to be easy to reform, why do states sometimes choose to create new informal institution rather than reforming existing ones? We argue that states may introduce new informal layers to international regimes when the leading international organization, even if still largely informal, becomes increasingly institutionalized, making it difficult to reform and integrate new members with diverse preferences. Further, we suggest the impact of new informal institutions on cooperation depends on the extent to which they create tensions with existing rules in the regime. We focus on the sovereign debt regime, which saw the introduction in November 2020 of the Common Framework for Debt Treatments, a new informal institution within the G20. We demonstrate that states created the Common Framework partly in response to the increasing institutionalization of the Paris Club, which made it more difficult to integrate China as a new member. We examine the impact of the Common Framework by comparing creditor coordination in Zambia and Sri Lanka, with only Zambia eligible for the Common Framework. This comparison reveals greater creditor coordination in Zambia than Sri Lanka, but that tensions introduced by the Common Framework nonetheless undermined the speed and quality of cooperation.[1]

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1. Introduction

Global governance is increasingly fragmented and crowded, with overlapping institutions increasing the complexity of international regimes. Many of these new institutions are informal (Roger and Rowan 2022; Westerwinter, Abbott, and Biersteker 2021), allowing states to bypass formal international organizations and their rigid design (Abbott and Faude 2020; Vabulas and Snidal 2013). A proliferation of informal modes of governance can also be observed in regimes that are already highly informal (Eilstrup-Sangiovanni and Westerwinter 2022). For instance, in global health, which is characterized by non-binding informal agreements, there has been an increasing institutional density over time (Hoffman, Cole, and Pearcey 2015). Similarly, many of the organizations in the governance of cyberspace are informal. Nevertheless, the regime continues to expand and add new informal institutions (Abbott and Faude 2022).

This proliferation of new institutions in regimes where existing institutions are informal may initially appear puzzling. Informal institutions are designed with high levels of flexibility and are therefore often thought to be easy to reform. We build on arguments about *variation* in levels of institutionalization in informal organizations (Rodriguez-Toribio 2024; Vabulas and Snidal 2013) to suggest that states add new informal layers to pre-existing informal organizations when the leading international organization (IO), despite being informal, has become increasingly institutionalized, making it more difficult to reform and respond to urgent demands. Greater institutionalization of a focal informal IO can involve an increase in the legal *bindingness* of rules, greater *delegation* of authority, or having more routinized, *repeated interactions*. When an informal IO is more institutionalized, it becomes more difficult to reform, including to expand the membership to encompass a more heterogeneous set of states. In a crisis, it may become expedient to create new soft law, rather than reforming an informal IO that has become more rigid.

Furthermore, we draw on arguments from the literature on regime complexity to formulate expectations on the impact of these new informal layers on international cooperation. We argue that informal layers can have varying impacts. Those aspects of new layers that build on effective efforts from prior institutions but introduce innovations to deal with a particular cooperation problem (*coherent overlap*) can enhance cooperation. However, the aspects of informal layers that introduce conflicting rules (*contradictory overlap*) can impede international coordination by creating opportunities for states to ignore new rules, cherry-pick which rules they use, or abuse them according to their interests. As Henning and Pratt (2023) outline in their theoretical framework on regime complexity, the study of regime complexes involves both understanding why such complexes emerge and how they impact outcomes, and we develop an argument for both stages in contexts where leading institutions are informal.

We illustrate our argument by analyzing changes in the regime complex for sovereign debt restructuring. In November 2020, the G20 introduced the Common Framework for Debt Treatments, a new soft law instrument of guiding principles for G20 countries on responding to debt crises and providing debt treatment for eligible low-income countries. The Common Framework emerged despite the prior existence of an informal organization for coordinating debt treatments among bilateral lenders: the Paris Club. We first show that the increasing institutionalization of the Paris Club made it more rigid and difficult to reform, leading to the creation of the Common Framework. In particular, we highlight how rigidities in the Paris Club made it unlikely for China to join the institution, thereby leading to the creation of the Common Framework when debt concerns during the COVID-19 pandemic required cooperation with China. Second, we examine the impact of the Common Framework on the evolving sovereign debt regime complex by comparing creditor coordination in Zambia and Sri Lanka. Since eligibility for the Common Framework was determined by income, Zambia's debt restructuring was negotiated under the Common Framework, while Sri Lanka's was not. We show that in Zambia, areas of coherent overlap between the Common Framework and existing rules in the sovereign debt regime led to higher levels of cooperation, but contradictory overlap on important substantive issues stymied negotiations. However, the contrast to Sri Lanka, where China did not participate in coordination mechanisms with other official creditors, highlights the partial impact of the Common Framework on the restructuring process.

The contribution of this paper is threefold. First, it contributes to the literature on informal organizations (Abbott and Faude 2020; Roger and Rowan 2022; Vabulas and Snidal 2013, 2021; Westerwinter 2021), drawing on insights about variation in the institutionalization of informal organization to argue that greater institutionalization can encourage the creation of new informal institutions, much the same way that formal organizations lead states to create informal organizations during times of crisis. Second, we contribute to the literature on institutional proliferation and regime complexity (Alter and Meunier 2009; Eilstrup-Sangiovanni 2022; Eilstrup-Sangiovanni and Westerwinter 2022; Raustiala and Victor 2004), shedding light on how institutional proliferation occurs in regimes dominated by informal organizations and offering an explanation for how informal layers can have different effects within the regime depending on their relationship to previous institutions (Fioretos 2011, Hoffman and Yeo 2023). Lastly, our empirical analysis of the emergence and consequences of the Common Framework contribute to the literature on the governance of sovereign debt, explaining the creation of a new institution and demonstrating how political tensions between major creditors have shaped the regime complex (Bon and Cheng 2021; Brooks 2019; Gelpern 2016; Setser 2023).

2. Institutional density, proliferation, and informal layers

We build on literature on informal organizations, regime complexity, and institutional design to develop three expectations on fragmentation and overlap in regime complexes where informality is the dominant approach to governance, as in the area of international finance (Brummer 2010). Layering has become a prominent feature of the evolution of institutions and regimes. By adding new institutions, states can avoid the negotiations and costs associated with abrupt changes to a given IO. Instead, by layering, or adding new elements to existing designs, they can pursue incremental reforms (Fioretos 2011). We focus specifically on the addition of *informal* institutional layers to existing informal organizations. We understand these informal layers as institutions that introduce an additional set of explicit soft law rules in parallel to existing ones. These informal institutions apply to an explicit group of countries but lack further institutionalization features, such as centralization or monitoring mechanisms.

2.1 New informal layers in informal regimes

Scholarship on informal international organizations has commonly defined these institutions by contrast to formal international organizations. Informal IOs, unlike their formal counterparts, lack a founding treaty, legal bindingness, and usually lack a permanent secretariat or physical headquarters (Roger 2020; Vabulas and Snidal 2013). These design features make them more flexible and reduce the costs associated with their design (Abbott and Faude 2020; Abbott and Snidal 2000; Roger 2020; Vabulas and Snidal 2013). Greater flexibility should imply that states can more easily reform design features when they are dissatisfed with an informal IO's performance, reducing the need for new organizations. However, we argue that if informal organizations become increasingly institutionalized, diminishing their flexibility and malleability, it can become more appealing for states to establish additional informal layers, rather than reforming increasingly rigid, albeit still largely informal, organizations. The institutionalization of an informal IO as a driver of institutional proliferation is particularly relevant where the increasingly rigid informal IO is a focal institution within a regime complex.

Our argument builds on an earlier insight from the literature on informal institutions, which is that despite their overall informality relative to formal IOs, informal IOs *vary* in their degree of institutionalization. When introducing their concept of informal intergovernmental organizations (IIGOs), for instance, Vabulas and Snidal (2013) placed IIGOs on a "spectrum of institutional arrangements," ranging from more formal to more informal (p. 195). Despite this, many empirical operationalizations of informality have deployed a binary conception, leading Martin (2021) to encourage this maturing research agenda to "begin conceptualizing the underlying dimensions" of informality, allowing for more comparative analysis among informal IOs (p. 177). In a recent special issue on informal organizations, Westerwinter, Abbott, and Biersteker (2021) observe the co-existence of formal and informal features within IOs and note the following in a footnote: "More surprising is *the degree of formality that sometimes emerges within supposedly informal international institutions*" (p. 6, emphasis added). While the literature has thus recognized the spectrum of informality, research is only beginning to conceptualize and operationalize the dimensions underpinning variation in informality and to develop and investigate expectations about the *implications* of institutionalization within informal organizations.

We draw on work from Rodriguez-Toribio (2024), and consider an informal IO to have become increasingly institutionalized if any of the following changes have taken place: greater *bindingness* of an IO's decision-making processes and outcomes, increasing *delegation* to independent actors such as international bureaucrats, or if it has established, through the *repeated interactions*, practices that impose obligations to the IO members. The bindingness of an IO can increase, for instance, if states decide to enforce some of their outcomes by partnering with formal organizations or using national laws from the host country or other members. Delegation can increase when member states rely on independent bureaucrats to carry out core tasks, even if the organization maintains no staff of its own. The continued repetition of certain interactions over a prolonged period of time can create practices embedded in the organization's regular functioning, which can create assumed obligations for its members, even without a legally binding commitment. An IO may thus remain fundamentally informal, without a binding treaty, secretariat, or physical headquarters, while acquiring attributes of greater institutionalization.

We are interested in how increasing institutionalization of an informal IO affects institutional proliferation at the level of the regime complex. Emerging research suggests that such institutionalization is more likely when powerful member states want to increase the IO's effectiveness or the IO requires greater technical expertise (Rodriguez-Toribio 2024) and when shared challenges lead members to accept "institutionalised patterns of cooperation" (Caballero-Anthony 2022, 18). While explaining *why* greater institutionalization happens within an informal IO is beyond the scope of this paper, we instead ask what happens once such institutionalization has taken place. Yet it is important to note that greater institutionalization is by no means an inevitable trajectory for informal IOs; many remain informal along the dimensions of bindingness, delegation, and repeated interactions throughout their operations. The key implication for our argument is that, in some cases, informal IOs can become increasingly "sticky" and resistant to change, in the same way as their formal counterparts, even if at a lower level. While greater institutionalization may not create difficulties under normal conditions, it can reduce the ability of an informal organization to respond and adapt in times of urgency. This greater rigidity can inhibit various reforms in response to crisis, but it may be especially relevant for reforms to membership. As the IO institutionalizes, its once looser expectations of state members become more specific and defined, entrenching the interests or expectations of existing members, making it more difficult to revise and expand the IO's membership to include states with divergent preferences.

If states see their ability to reach quick cooperative outcomes in existing institutions reduced and they face strong demands to deal with an urgent problem, they may seek cooperation elsewhere. In those cases, we may observe proliferation in regimes where leading organizations are, on balance, informal. By adding new informal institutions under these circumstances, states follow the same logic applied in the creation of other informal organizations to bypass the constrains of formal organizations during times of crisis and uncertainty (Vabulas and Snidal 2013, Stone, 2013).

Our argument that institutionalization of informal IOs can spur further informal layering builds on recent research that suggests regimes will be see a greater number of informal layers when the focal institution informal (Hofmann and Yeo 2024). However, whereas Hoffman and Yeo (2024) argue that regimes will experience considerable informal layering through "breakout layering" when the focal institution is informal because there are fewer sovereignty costs compared to a formal focal institution, we suggest that informal layering happens as an escape valve in response to a focal organization that has become increasingly rigid. Moreover, we highlight how this dynamic can be exacerbated by preference heterogeneity among affected states. This leads to our first theoretical expectation:

Expectation 1. New informal layers will be added to a regime when an existing informal institution's flexibility has diminished due to increased institutionalization and states face time-sensitive challenges.

We contrast our argument with plausible alternative explanations. First, one approach to studying the addition of further layers to regimes dominated by informal institutions would see this layering process as an evolution of international organizations throughout their life-cycles. For example, the World Bank Group, now configured by five different organizations, is the result of the adaptation and fragmentation of the mandate and governance task of the International Bank for Reconstruction and Development (IBRD) (Fioretos and Heldt 2019). While this historical perspective on the evolution of regimes may highlight similarities among formal and informal organizations within regimes, it does not explain why proliferation occurs in the form of an additional layer instead of reforms to existing organizations.

A different explanation would emphasize the heterogeneity of actors involved. Research has shown that the need to integrate heterogenous non-state participants can explain why states rely on informal governance (Andonova et al., 2017; Herz and Hoffmann 2019). Might the need to integrate non-state actors explain the creation of new informal layers? However, this is not a helpful explanation when a regime is already dominated by informal organizations, since non-state actors are often invited to participate in this type of organization that already offers a less hierarchical environment among types of participants (Abbott and Faude, 2020).

Third, the creation of these informal layers could be the result of actions taken by international bureaucrats. Researchers have shown how delegation and empowered bureaucrats help international organizations maintain their effectiveness over time (Gray 2018, 2020) and that bureaucrats play an important role in the creation of new offshoots of organizations (Johnson 2014). However, contrary to formal international organizations, informal organizations have low levels of authority delegated to independent staff (Roger and Rowan 2022), which may limit the ability of bureaucrats to be the driving agents in adding layers of informality.

2.2 Impacts of new informal layers

Once states have added a new informal layer to the regime, the next question is whether this solution will enhance cooperation. While layering may be "politically efficient" in times of crisis, the creation of new institutions can also fragment the regime and create "policy incoherence" (Fioretos

2011, 390). We argue that new layers can have varied effects, depending on their relationship to existing areas of institutional cooperation. *Coherent overlap* arises when aspects of the new layer are path dependent on previously effective efforts, yet adapted to current conditions. However, vague or clashing rules within the new layer can also create *contradictory overlap*, increasing tension and ambiguity in the regime. Depending on the complexity of the new informal institution, both dynamics can be present within the same layer, with some aspects coherent and others contradictory, and the overall impact of the new informal layer depends on the balance of these.

Our first claim about the consequences of new informal layers is that when these new institutions reinforce existing, effective mechanisms, they can enhance coordination through increased institutional density, which aligns with perspectives that see dense regime complexes as creating opportunities to improve global governance effectiveness (Eilstrup-Sangiovanni 2022; Rowan 2021). Since institutions are likely to be path-dependent from the existing institutional context (Fioretos 2011), a new informal layer could allow states to overcome specific coordination problems while minimising costs if they select and combine practices and design features that have been previously successful. By accepting rules already crafted in other institutions, states can mitigate the negative effects of rule conflicts (Pratt 2018) and reduce the costs associated when creating new institutions (Reinsberg and Westerwinter 2023). This leads to our second expectation:

> *Expectation 2: Coherent overlap.* When new informal layers build on successful practices from pre-existing international organizations to adapt to current demands, this can lead to greater international cooperation.

When creating informal layers, there is uncertainty about how these institutions will interact in the future, which is why relying on past efforts is a common strategy. However, unexpected interaction effects among overlapping institutions can increase if the new layers introduce conflicting or vague rules that are the product of misalignment of preferences among states, creating a competitive layer open to different interpretations that can undermine effectiveness (Pratt 2023). In governance problems where distributional effects are strong, we expect that new informal layers are not always geared toward increasing effectiveness. Especially during power transitions, states that do not see themselves represented in existing institutions may challenge the governance of the issue by, for instance, acting unilaterally or creating overlapping institutions to compete with existing ones (Lipscy 2017; Pratt 2022). This leads us to our third expectation:

Expectation 3: Contradictory overlap. When new informal layers introduce conflicting or vague rules, this can impede international cooperation.

3. The governance of sovereign debt: An informal regime complex

To illustrate our argument about the drivers and consequences of additional informal layers we examine recent changes in the largely informal regime complex governing sovereign debt. As an illustration of our first expectation, we describe the creation the Common Framework as a new informal layer. To illustrate the second and third expectations on the consequences of coherent and conflicting overlap, we compare two instances of sovereign debt restructuring, showing how the Common Framework impacted cooperation. Before turning to these illustrations, we first provide a brief overview of the governance of sovereign debt.

Most governments, especially in developing countries, have a diverse portfolio of external finance (Zeitz 2024), owing debt in the form of sovereign bonds, bank loans, government-to-government bilateral loans, and loans from multilateral creditors such as development banks. Different institutions within the sovereign debt regime complex govern these forms of sovereign debt, providing mechanisms and rules for how debt is to be restructured if borrowing governments can no longer repay. Bonds are largely governed through the contractual mechanisms, which are enforced by courts in the jurisdiction whose laws were used to issue the bond, most often New York state or England. Restructuring of bank loans is usually worked out in an informal negotiating forum known as the London Club. Bilateral loans have been overseen by the Paris Club, a coordinating forum for the world's major creditors (Josselin 2009; Rieffel 2003).[2] The Paris Club plays a pivotal role in the governance of sovereign debt, since bilateral creditors are often the first to provide debt relief to a borrower in crisis, paving the way for subsequent debt relief from private creditors. The Paris Club is an informal IO, without a treaty, headquarters, or secretariat. On its website, the Paris Club notes that it "has remained strictly informal" and even that it "can be described as a 'non-institution'" (Paris Club 2024b). Within this largely informal regime complex, the most important formal organization is the International Monetary Fund (IMF), which relies on the Paris Club as its interlocutor with bilateral creditors.

[2] As of 2023, the Paris Club includes 22 members, most of which are also members of the OECD.

In the early 2000s, the IMF spearheaded an attempt to create a formal institution for sovereign debt, the Sovereign Debt Restructuring Mechanism (SDRM), which would have applied to both public and private creditors and provided greater predictability for restructurings (Brooks 2019). The reform efforts failed, stymied by opposition from countries representing private creditor interests, especially the US and UK, as well as opposition from some borrower countries that feared the SDRM would raise borrowing costs (Helleiner 2008). The sovereign debt regime thus remains characterized by high levels of informality, with the Paris Club, the leading informal organization, working closely with the IMF in managing debt crises.

By the 2010s this process had come under strain (Brooks and Helleiner 2017; Ferry and Zeitz 2024; Gelpern 2016). In particular, given the pivotal role played by bilateral creditors, it became problematic that important bilateral lenders remained outside of the Paris Club. These include Gulf countries, India, and Turkey, but most importantly China, which became the world's largest bilateral lender by the end of the 2010s (Horn, Reinhart, and Trebesch 2021). As its loan program expanded in the 2000s and 2010s and borrowers faced payment difficulties, China chose to handle borrowers' debt crises directly with borrowers, remaining outside of the Paris Club (Acker, Bräutigam, and Huang 2020; Wang 2014).[3] The weaknesses of the sovereign debt architecture in the late 2010s was the absence of agreement among bilateral creditors on the norms for approaching debt crises, with China, the largest bilateral creditor, largely absent from the focal institution within the regime complex.

4. The Common Framework: A new informal layer

A new informal layer was added to the regime complex for sovereign debt when the G20 introduced the "Common Framework for Debt Treatments beyond the DSSI" in November 2020. This addition illustrates our argument on the drivers of institutional proliferation in regime complexes dominated by informal organizations. In this section, we trace the process leading to the creation of the Common Framework, drawing on media reporting, interviews with officials at the IMF, official statements, and secondary sources.

[3] China has joined meetings of the Paris Club as an "ad hoc" participant, allowing it to participate in country-specific discussions, but unlike other ad hoc participants, such as Abu Dhabi, Mexico, or South Africa, China has not contributed to any Paris Club debt workouts which would have entailed providing debt relief together with Paris Club members. (Paris Club 2024a; Ye 2023, 10–11)

4.1 Rigidity in the Paris Club and difficulties integrating China

Since informal organizations are expected to better incorporate members with divergent preferences, including in a context of great power competition (Abbott and Faude 2020), it is noteworthy that China had not been incorporated into the Paris Club prior to 2020, and that the Paris Club did not undergo reforms that would have facilitated China joining when the pandemic created the need for urgent cooperation. To explain the emergence of the Common Framework, therefore, it is necessary to begin several years prior, with the faltering of the last effort to have China join the Paris Club as a full member. In 2016, in the lead-up to China hosting the G20 summit in Hangzhou, there were extensive negotiations over China's accession to the Paris Club and China appeared poised to join the grouping together with other emerging economies, signalling the broader relevance of the organization (Wu 2016). Ultimately, however, only Brazil and South Korea became full members of the Paris Club in 2016 and the Hangzhou summit communiqué could only welcome China's "intention to play a more constructive role, including further discussions on potential membership" (G20 2016).

The stumbling block to China joining the Paris Club were key rules that had become increasingly routinized within the Paris Club, especially information sharing and standardized debt treatments for borrowers (Ye 2023, 12). Despite its informality, with no binding treaty, the Paris Club has institutionalized considerably over time. On each of the three dimensions specified in Section 2, bindingness, delegation, and repeated interaction, the Paris Club has become increasingly institutionalized.

With respect to *bindingness*, the main change has been increasingly precise rules around debt treatment, which impose greater expectations on members. While the Paris Club began as an informal negotiating forum with debt treatments agreed on a case-by-case basis, in the 1990s and 2000s the group developed a standard set of debt treatments depending on the income level of borrowing countries (Blackmon 2017, 41–58; Gelpern 2016, 49–50). For instance, the "Naples terms" for the "poorest and most indebted countries" offer a 67% debt reduction, implemented either through the cancellation of outstanding claims or a reduction in interest rates (Paris Club 2024c). Though debt restructuring agreements reached in the Paris Club are not themselves legally binding, there is a clear and stated expectation that members will implement collective agreements through binding bilateral agreements with borrowing countries.

With respect to *delegation*, the Paris Club has experienced the least institutionalization, establishing no official Secretariat, but instead relying on a small staff from the French Treasury.

However, the close working relationship between the Paris Club and the IMF allows the Paris Club to rely on the technical expertise and staff of the IMF's bureaucracy.

Finally, with respect to *repeated interaction*, the Paris Club has institutionalized considerably. Members' representatives meet monthly, including in "Tour d'Horizon" meetings in which members discuss debt conditions in borrower countries even if these have not requested a debt treatment, to allow the Paris Club to anticipate future challenges. The regular meetings show how the Paris Club has gone far beyond a forum for negotiation of debt treatments on a case-by-case basis. The Paris Club's website notes that Full Members are expected to "[r]espond to all data sharing requests" (Paris Club 2024a). Regular interactions codify practices around information exchange and debt treatment that create binding expectations on members, even if these are not legally codified.

Core aspects of the Paris Club's requirements that have become routinized as expectations for members diverge from China's approach to lending and debt crisis management. The first significant tension is in information-sharing. China does not publish project-level data on lending by its policy banks, which is why various data collection efforts have attempted to identify and quantify Chinese loans (Boston University Global Development Policy Center 2023; Brautigam and Hwang 2016; Dreher et al. 2022; Horn, Reinhart, and Trebesch 2021).

The second tension between China's lending and the rules of the Paris Club is in the approach to debt relief when borrowers become unable to pay their debts. While the opacity of Chinese lending makes it more difficult to ascertain China's approach to debt relief, analysts suggest there is an overall reluctance to provide debt cancellation. Smaller, interest-free loans are often converted to grants and forgiven, but the interest-bearing loans that make up the majority of Chinese overseas financing are usually rescheduled, with maturity extensions of the loans but no reduction in interest payments (Acker, Bräutigam, and Huang 2020; Bon and Cheng 2021; Chen 2023). This preference for maturity extensions over haircuts and debt forgiveness diverges from the approach of the Paris Club, with its "menu" of standard terms based on the income level of the borrower.

4.2 The shock of the pandemic and a temporary informal layer

With the onset of the COVID-19 pandemic in early 2020 and widespread concern about a developing country sovereign debt crisis, there was an urgent need for reform within the sovereign debt regime complex. The relative rigidity of the Paris Club and earlier failures to expand the Paris Club membership to include China led states to instead create new informal mechanisms for addressing borrowing countries' debt distress. Creditor countries used the G20 to address developing country debt issues, creating new soft law instruments within the G20 rather than repurposing or reforming the Paris Club. Given the G20's origins in the aftermath of the Asian financial crisis of 1997 and its rise to prominence in fostering macroeconomic coordination during the 2008-2009 Global Financial Crisis, it may appear that it was the self-evident forum for managing the risk of debt distress from the COVID-19 pandemic. However, the G20 had not previously played a role in the governance of sovereign debt, with this domain left largely to the Paris Club and IMF. States' choice to introduce new mechanisms for governing sovereign debt through the G20 was due to the G20's flexibility in this issue areas and the presence of China among the club's membership.

The Common Framework was the outgrowth of a first, temporary measure introduced by G20 members in April 2020 to mitigate the impact of the pandemic on low-income countries. The Debt Service Suspension Initiative (DSSI) allowed 73 eligible low-income countries to suspend principal and interest payments owed to G20 creditors from May 2020 until December 2021.[4] With the DSSI, the G20 became the forum for managing the sovereign debt risks in the pandemic, with the Paris Club in a supporting role. However, since the G20 had no rules on sovereign debt, new rules had to be written. The DSSI rules drew heavily on existing principles in the sovereign debt regime, especially rules of the Paris Club.

The DSSI was the first time that China participated in a multilateral debt relief initiative of any kind (Brautigam and Huang 2023). Creating a new, informal mechanism in the urgent context of the pandemic appeared to enable cooperation that had been difficult to achieve when China was contemplating joining the Paris Club with its existing rules. An IMF official involved in developing the DSSI speculated that China's willingness to cooperate in the DSSI came partly from a desire to restore reputational harm that China may have sustained due to the COVID-19 pandemic originating in China.[5]. Furthermore, once the G20 had become the forum for debt issues, China faced greater reputational pressures to participate in a solution, since the G20 has been core to China's positioning of itself as a "responsible great power" (Brautigam and Huang 2023, 12–13). Though the G20 itself has acquired greater bindingness, delegation, and especially repeated interactions over time, becoming more institutionalized, it had not previously acted on sovereign debt, with no institutionalization on this issue area, making it a flexible context within which to develop a new informal layer.

[4] When first announced, the DSSI postponed debt service payments until the end of December 2020. It was twice extended by a further six months, ultimately expiring at the end of 2021.
[5] Interview, IMF Official, June 9, 2021.

4.3 Adding the Common Framework to the sovereign debt regime

As soon as the DSSI was introduced, observers noted that debt service suspension offered only a short-term solution to what was, for some borrowers, a structural problem requiring some form of debt relief (Nye and Rhee 2020). These calls for debt relief could plausibly have been met within the Paris Club, if there had been confidence that China could be integrated into the workings of the organization. While the DSSI was an innovation – a time-bound suspension on debt payments for many countries – debt relief for highly indebted borrowers is precisely the remit of the Paris Club. And yet, tensions between the Paris Club's established rules and China's debt relief preferences made this difficult.

While negotiations were ongoing within the G20, parallel proposals suggested alternative, more formal institutions for providing debt relief. One set of alternative proposals emerged from an event on "Financing for Development in the Era of COVID-19 and Beyond" convened at the United Nations (UN) in May 2020. The final output of these meetings was a "menu of options" for how states could address the COVID-19 pandemic and its aftermath. Among its proposals, the discussion group on debt vulnerability included institutionalized "Multilateral approaches to sovereign debt restructuring," such as a "sovereign debt authority or standing body…[to] ultimately advance a blueprint for a multilateral Sovereign Debt Workout Mechanism" (United Nations 2020, 95–96). Though the UN discussions raised the prospect of a multilateral, formal debt restructuring mechanism as a long-term solution for resolving unsustainable debt burdens, this proposal was not taken up by G20 members or even advocacy organizations, which instead focused on pushing for an informal solution under the auspices of the G20.

The Common Framework is decidedly an informal set of rules. The guidelines are not administered or enforced by any formal organization, relying simply on the commitment of G20 and Paris Club members. The procedures and principles for debt treatment outlined in the Common Framework borrow substantially from the Paris Club, but fail to prescribe many specifics of debt treatment, largely leaving these to individual negotiations with borrowing countries (Setser 2023, 3).[6] As a new informal layer, the Common Framework built on existing principles in the sovereign debt regime, but also broadened or redefined other principles, which would have been more difficult within the Paris Club. Rather than reforming the design of the Paris Club, the Common Framework added an additional layer with of rules to the G20, making China's participation possible.

[6] See overview of the rules in Appendix Table A1.

4.4 Alternative explanations for the emergence of the Common Framework

We briefly contrast our argument with alternative explanations. First, can the Common Framework be seen as part of the natural progression of the G20, rather than a response to the institutionalization of the Paris Club? Certainly, the G20 has changed over time, taking on a greater role in global economic governance after the 2008-9 Global Financial Crisis and broadening its agenda. However, the G20 had not worked on sovereign debt or creditor coordination issues prior to the COVID-19 pandemic, and it was not a self-evident extension of its existing work, given that the G20 has primarily relied on summit diplomacy to establish joint positions on economic issues, rather than the detailed technical exchange required for creditor coordination. If the argument of a natural evolution of international organizations held true, we would have instead expected to see this new layer added to the Paris Club. Instead, the case of the Common Framework shows that rigidities in existing informal organizations can encourage the creation of layers elsewhere in the regime complex.

Alternatively, could the creation of the Common Framework be explained by the effort to integrate non-state actors (Andanova et al., 2017)? In the case of sovereign debt, the most relevant non-state actors are clearly private creditors. The Common Framework does explicitly call for private sector participation, and parties to the Common Framework, especially China, hoped that private creditors would contribute more to the DSSI and subsequent debt treatments. And yet, the Paris Club is equally an informal organization that ought to have been able to incorporate private creditors, making the addition of the Common Framework unnecessary. However, because the Paris Club had increasingly routinized a distinction between bilateral official creditors and private creditors, any effort to engage private creditors happened through the addition of a new informal layer. Moreover, the desire to engage private creditors was only a small part of the motivation for the Common Framework, and was ultimately unsuccessful.

Could the emergence of the Common Framework be attributed to empowered bureaucrats (Johnson 2014; Johnson and Urpelainen 2014)? Bureaucrats from the IMF and World Bank did play an important role in urging states to address the debt vulnerabilities of developing countries and supported the use of the G20 as a forum for this purpose. Moreover, interviews with IMF officials indicate that staff from the IMF and the Paris Club's small secretariat were involved in the drafting of the text of the Common Framework.[7] However, the G20 has no secretariat, and the use of the G20 as the forum for debt relief initiatives cannot be attributed to entrepreneurial bureaucrats ensuring the

[7] Interview, IMF official, June 9, 2021. Interview, French Treasury official, October 13, 2020.

continued relevance of their organization. Instead, G20 members drew on the expertise of staff within the IMF and Paris Club to assist in establishing an informal instrument that would be amenable to members.

Since the creation of the Common Framework was geared toward overcoming China's absence from the Paris Club, could the emergence of the Common Framework be better explained as "forum-shopping" by a rising power? Certainly, China revealed a willingness to participate in multilateral debt restructuring for the first time under the auspices of the G20 while it had rebuffed these efforts in the Paris Club. China sees the flexible forum of the G20 as more amenable to its interests. However, the creation Common Framework is not a perfect fit for forum-shopping-style explanations, since these see the a new institution as the *initiative* of a powerful state looking for a more friendly set of rules. The Common Framework was by no means China's initiative, but was instead largely driven by existing Paris Club members hoping to secure China's participation. Though the forum-shopping lens thus sheds light on how the preferences of a powerful state shape the venue in which cooperation took place, we cannot attribute the emergence of the Common Framework to China's initiative.

Finally, could the emergence of the Common Framework within the G20 be best explained as an instance of orchestration? Orchestration refers to the use of intermediaries to achieve governance aims, in situations where the state, group of states, or IO seeking to govern an issue (the "governor") has no direct control over the intermediary (Abbott and Snidal 2021, 13–14). The concept of orchestration has been applied to the G20 since the body has few powers for implementation (Downie 2022), and has therefore orchestrated various intermediaries, such as as using the IMF, Bank for International Settlements, and Financial Stability Board to achieve its goals in financial regulation (Viola 2015). However, the relationship between the Paris Club and the G20 in the Common Framework does not quite fit the concept of orchestration. Neither IO is using the other as an intermediary to achieve governance goals. The G20 lacks the direct powers to compel creditor or borrower countries, so the Paris Club is not achieving governance goals through the G20, and while the Paris Club plays an important role in reaching restructuring agreements, the Common Framework is deliberately designed *not* to use the Paris Club's procedures, but instead rely on creditor committees established among G20 creditors.

5. Implementing the Common Framework: Impacts on cooperation?

To ascertain the impact of the Common Framework on the sovereign debt regime, we identify areas of *coherent* and *contradictory overlap* with pre-existing rules. Table A1 in the Appendix compares the

Common Framework and the Paris Club along the major dimensions of debt restructuring. The table shows that most core principles from the Paris Club were taken up in the Common Framework, including burden sharing, comparability of treatment with other creditors, and implementing the non-binding joint agreement through bilateral agreements between creditors and the borrower. Both the Paris Club and Common Framework emphasize that creditors should negotiate collectively with the borrowing country and reach a joint agreement.

The prominent instances of contradictory overlap are on information sharing, the terms of debt treatment, and the expectations of multilateral creditors in a debt restructuring. On information sharing, the Common Framework only commits G20 and Paris Club creditors to share data pertinent to ongoing debt treatment negotiations, unlike the Paris Club's regular exchange of information among members. With respect to the debt treatments anticipated for borrowing countries, the Common Framework states "In principle, debt treatments will not be conducted in the form of debt write-off or cancellation," but allows that "if, in the most difficult cases, debt write-off or cancellation is necessary as a consequence of the IMF-WBG DSA [IMF-World Bank Group debt sustainability analysis] and the participating official creditors' collective assessment, specific consideration will be given to the fact that each participating creditor shall fulfil its domestic approval procedures" (G20 2020). Treating debt cancellation as the last resort stands in contrast to the Paris Club's contemporary approach to debt relief, which offers debt cancellation of up to 90% for the poorest and most highly indebted borrowers.

The text of the Common Framework also reflects disagreement among G20 countries on the expectations of multilateral development banks on debt restructuring. China had called for multilateral creditors such as the World Bank to participate in debt relief, calling attention to the large shares of developing countries' debt owed to these lenders (Brautigam and Huang 2023). This proposal was an anathema to Paris Club creditors, which stress that multilateral development banks' high credit rating and cheap borrowing costs are essential to their mandate and a function of their preferred creditor status, which guarantees that they will be repaid. This tension between China's expectations of burden-sharing and traditional creditors' protection of development banks' status was unresolved in the Common Framework.

5.1 Case selection

We compare two instances of restructuring during the same time period to illustrate expectations two and three on the impact of the Common Framework on coordination among official creditors. Since the Common Framework was designed as a successor to the DSSI, it offers debt treatment only to the 73 low-income and least developed countries that were DSSI-eligible. Other, ineligible countries have also experienced debt crisis since 2020, but G20 members have not committed to applying the Common Framework to them. Therefore, a comparison of coordination among official creditors in the crises of eligible and ineligible countries can reveal the extent to which coordination among G20 creditors has been impacted by the Common Framework.

As of January 2025, only four of the 73 eligible countries have requested debt treatment under the Common Framework: Chad (requested January 2021), Ethiopia (February 2021), Zambia (February 2021), and Ghana (January 2023). Given economic downturns and the contraction in international lending in the years after the COVID-19 pandemic, several countries ineligible for the Common Framework also sought debt restructuring from their bilateral creditors during this time, including Suriname and Sri Lanka. From among this universe of possible cases, we compare creditor coordination in Zambia and Sri Lanka, since these are countries on either side of the eligibility threshold with broadly comparable debt profiles. Figures 2 and 3 show the composition of public and publicly guaranteed external debt in each of the countries in 2020. For both, bilateral creditors made up roughly a third of external debt of external debt, of which the majority was owed to non-Paris Club creditors. Sri Lanka has a larger share of debt owed to Paris Club creditors (9% vs. Zambia's 1%) because of debts owed to Japan. For both countries, China is a major creditor, holding 26% of Zambia's outstanding debt and 14% of Sri Lanka's outstanding debt. These broad similarities in Zambia and Sri Lanka's debt stocks allow us to illustrate the impacts of the Common Framework on creditor coordination, and to show the consequences of coherent and contradictory overlap. Figure 1 sets out the expectations in each country. In tracing the negotiations for this comparison, we rely on primary sources including media reporting and official statements from borrower and creditor governments, as well as secondary material.

	Eligible – Zambia	**Ineligible – Sri Lanka**
Areas of coherent overlap Creditor coordination Joint restructuring agreement	Improved coordination	No impact
Areas of contradictory overlap Information sharing Terms of debt treatment Multilateral development banks	Hindered coordination	No impact

Figure 1 - Theoretical expectations in Zambia and Sri Lanka

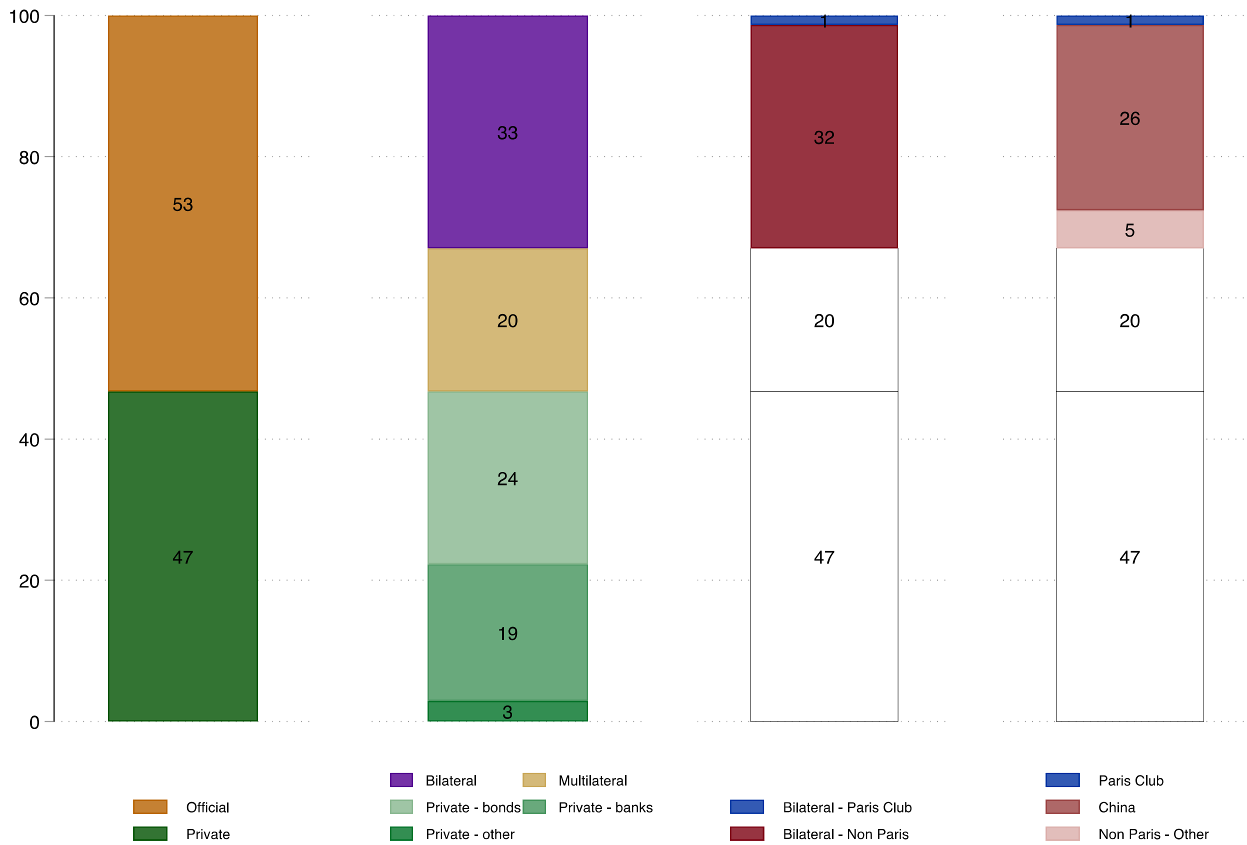

Figure 2: Composition of Zambia's public and publicly guaranteed external debt, 2020. Source: World Bank IDS.

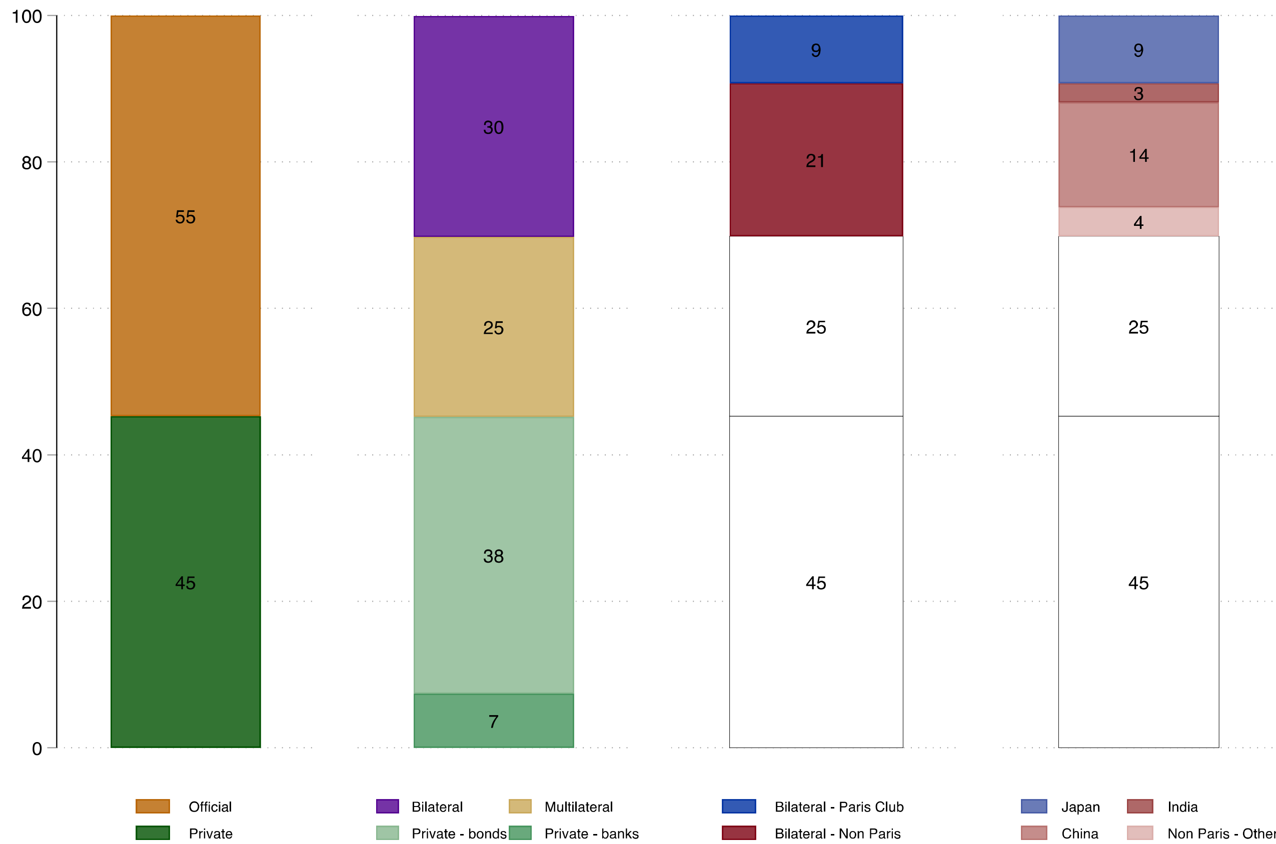

Figure 3 - Composition of Sri Lanka's public and publicly guaranteed external debt, 2020.

Source: World Bank IDS.

5.2 Zambia

Zambia, because of its eligibility for the Common Framework, benefited from the expanded bilateral creditor participation and the improved coordination generated by the areas of coherent overlap between the Common Framework and earlier rules in the sovereign debt regime. China co-chaired the official creditor committee, provided joint financing assurances to support an IMF program, and was party to the restructuring agreement agreed in 2023. However, in Zambia there was also significant evidence of the contradictory overlap generated by tensions between the Common Framework and existing rules in the regime, as negotiations were delayed by disagreements over the involvement of multilateral development banks and the terms of debt relief.

Zambia's default in November 2020 highlighted the complexity of its exposure to different creditors. One month earlier, the Zambian government announced a debt rescheduling agreement with China Development Bank (CDB), followed shortly thereafter by a delay in interest and principal payments to China Exim Bank as part of the DSSI. On November 13, 2020, Zambia then missed a $42.5 million payment on a $1bn Eurobond maturing in 2024. Zambian officials justified their decision to default on the Eurobond debt with reference to their agreement with China, saying that paying interest to bondholders would violate the expectation of equitable treatment in the Chinese debt deal. Finance minister Bwalya Ng'andu described the situation vividly, saying "If I pay [interest on the bonds], the moment I pay, the other creditors [China] are going to put dynamite under my legs and blow off my legs. I'm gone. I can't walk any more. If I don't pay the bondholders, my legs will remain intact" (Cotterill 2020). The announcement of the Common Framework in November 2020 appeared perfectly timed for the trajectory of Zambia's crisis, and in February 2021 Zambia became one of the first countries to request debt treatment under the Common Framework. Negotiations over an IMF program and debt relief under the Common Framework were delayed until after the August 2021 elections, but by December 2021, the IMF announced it had reached staff-level agreement on a program with Zambia. All that remained were financing assurances from Zambia's creditors, testing the Common Framework's ability to foster coordination among creditors.

The Zambian experience shows that the Common Framework performed fairly well in areas of coherent overlap with the remainder of the sovereign debt regime, specifically on the *process* for negotiation. Bilateral creditors' engagement with a debtor government usually involves two phases: a first phase of providing financing assurances that debt relief will be forthcoming, which allows the IMF program to begin, and a second phase of negotiating a debt restructuring deal consistent with those financing assurances and the IMF program. While the financing assurances phase has historically been completed very quickly, with Paris Club creditors assuring the borrower and the IMF that they would provide any necessary debt relief consistent with the program, this phase had become a context for disputes and delays in recent years as China balked at providing financing assurances (Do Rosario 2023; Ferry and Zeitz 2024).

In Zambia's case, despite some delays, China worked with other creditors in both phases. In April 2022, some months after Zambia's IMF program had been agreed, China announced it would take part in joint negotiations over financing assurances and debt relief, even indicating a willingness to co-chair the official creditor committee (Sinyangwe 2022). On July 30, 2022, the official creditor committee provided joint financing assurances (Cotterill and Wheatley 2022), allowing the IMF program to be approved in August 2022. Though there were again delays in negotiating the final debt restructuring deal, China remained part of the official creditor committee, and in June 2023 co-chairs China and France announced an agreement covering $6.3 billion of Zambia's outstanding debts owed to bilateral creditors, with a savings of close to 40%. The agreement provides relief by extending the maturity of the loans past 2040 and lowering interest rates to 1% until 2037 and 2.5% in subsequent years (Zunduna 2023). The deal falls short of Zambia's initial request, but promises to provide $5 billion in debt service savings between 2023 and 2031 (Zunduna 2023). The terms of the final restructuring deal indicate China's influence, with a significant emphasis on maturity extension rather than debt cancellation. The agreement marks the first multilateral debt restructuring agreement that China has taken part in, an accomplishment for the Common Framework.

Though the coordination between China and Paris Club creditors highlights the positive impacts of the Common Framework, contradictory overlap in several areas led to disagreements and stymied the negotiations. Initial delays in China joining the official creditor committee were accompanied by critiques from other creditors that China was insufficiently transparent about its loan exposure in Zambia, highlighting disagreements over information sharing. Significant disagreements set in during the second phase, with creditors attempting to use the agreement to set precedents for future debt workouts. In January 2023, China stated publicly that it expected the World Bank to provide debt relief to Zambia, highlighting the large share of Zambia's outstanding owed to the Bank (Nyabiage 2023). Paris Club creditors, especially the US, accused China of using these demands to stall progress on restructuring. These creditors expended considerable diplomatic effort to advance negotiations, with US Treasury Secretary Janet Yellen visiting Zambia in January 2023, following direct talks with Chinese counterparts (Shalal 2023) and US Vice President Kamala Harris visiting Zambia in March 2023, calling for creditors to provide debt relief (Mfula 2023). These disagreements among creditors prolonged negotiations, since it was not until April 2023 that China dropped the expectation for multilateral banks to provide relief (Shalal and Lawder 2023).

The implementation of the Common Framework in Zambia also revealed tension in areas of seeming agreement between new and earlier rules. As Table A1 shows, both the Paris Club and the Common Framework insist on "comparability of treatment," which requires that the borrower not offer more generous restructuring terms to other creditors than those it received from bilateral creditors. In practice, the Paris Club has always allowed flexibility in the interpretation of comparability of treatment, acknowledging that comparable treatment will look different for different creditors. In November 2023, after Zambia concluded a restructuring deal with bondholders, the official creditor committee declared that the deal with private creditors violated comparability of treatment, considering it to be more generous than the terms agreed with bilateral creditors. Reporting indicated that China had been the creditor most opposed to the terms of the restructuring with bondholders (George and Savage 2023; Hancock, Hill, and Al-Rikabi 2023). This disagreement across different creditor groups further delayed restructuring, postponing continuation of the IMF program, and highlighting the difficulties of the Common Framework in resolving underlying differences, despite the increase in coordination.

5.3 Sri Lanka

Unlike Zambia, Sri Lanka did not have access to either the DSSI or the Common Framework, since its income was above the eligibility threshold. As expected, we observe that in Sri Lanka, the coordination mechanisms did not include all G20 countries, showing that the Common Framework did have an impact in eligible countries that did not extend to ineligible countries. In particular, China did not coordinate with other creditors, but instead negotiated directly with the Sri Lankan government. By contrast, India, another important non-Paris Club creditor to Sri Lanka, coordinated with the Paris Club creditors, going on to co-chair a creditor committee with Japan and France, though this is best explained by regional geopolitics rather than spillover effects of the Common Framework.

When the COVID-19 pandemic hit, Sri Lanka's economy was already vulnerable from several years of political and economic uncertainty. To manage the fallout, Sri Lanka turned to both India and China to help it boost foreign exchange reserves, receiving a $400 million swap line from India's central bank in 2020 and a $1.5 billion swap line from China in 2021. Since Sri Lanka relies heavily on energy imports, the crisis became more acute in early 2022 after Russia's invasion of Ukraine led global energy prices to spike. In April 2022, Sri Lanka announced it would suspend payments on its bonds, entering into default and beginning restructuring negotiations with private and public creditors.

In its negotiation with creditors, Sri Lanka attempted to replicate the Common Framework coordination structure. Lazard, Sri Lanka's financial advisors, said that the creditor initiative would "resemble the G20 platform" and "offer equal footing for creditors to access relevant information and . . . to discuss emergency credit lines" (Do Rosario, and Jayasinghe 2022). However, negotiations instead unfolded largely along two parallel tracks, with little coordination between China and other official creditors (Paris Club 2023). Sri Lanka held separate rounds of talks with China, India, Japan, and private creditors in late September and early November of 2022, but made little progress in securing financing assurances from Chinese creditors. As in Zambia, the negotiations attracted considerable diplomatic attention. The US ambassador to Sri Lanka commented on China's delays in providing debt relief, prompting a sharp response from the Chinese Embassy, accusing the US of "baseless accusing and lecturing" (ANI 2023)

Ultimately, financing assurances appear to have been prompted by geopolitical competition between India and China, rather than any coordinating mechanisms. India provided written financing assurances to the IMF ahead of a visit to Sri Lanka by India's external affairs minister on January 20, 2023, where he said "India decided not to wait on others but to do what we believe is right...Our expectation is that this will...ensure that all bilateral creditors are dealt with equally" (Francis 2023). Just two days later, China indicated that China Export-Import Bank would provide a two-year extension on its loans to Sri Lanka, but gave no specific financing assurances (Ondaatjie 2023). This led the Paris Club together with India to agree financing assurances during a January 25 meeting, supporting the IMF program and calling for "other official bilateral creditors, including China, to do the same in line with IMF program parameters as soon as possible" (Paris Club 2023). By February 2023, with no concrete financing assurances secured from China, rumors surfaced that the IMF was considering using its "lending into official arrears" policy to lend to Sri Lanka despite the missing financing assurances from China (Bhatia and Martin 2023). This would have been the first time that the IMF had used this policy with respect to China. It is unclear whether this pressure from the IMF galvanized China, but on March 6, 2023, China EXIM Bank confirmed in a letter to the IMF that it would provide Sri Lanka not only with a debt moratorium for two years, but would also pursue negotiations over medium- and long-term debt treatments (Ghoshal and Jayasinghe 2023). That same day, Sri Lanka formally requested its IMF program and staff submitted the program to the Executive Board for approval, which it granted later that month.

After approval of the IMF program in March 2023, Japan, France, and India launched a platform for the second phase of negotiations, to reach an actual restructuring agreement, and stated that China would be welcome to join these negotiations (Burns and Kihara 2023). This Official Creditor Committee (OCC) was co-chaired by France as chair of the Paris Club, Japan as the largest Paris Club creditor, and India as a leading non-Paris Club creditor (Paris Club 2023). It proceeded largely along Paris Club guidelines. When the OCC formally began negotiations in May 2023, China participated only as an observer, not bound by the outcome of the agreement. In a press release, the OCC "reiterate[d] its invitation to other bilateral creditors to formally join the creditor committee" (G20 2023b). In parallel, Sri Lanka held high-level diplomatic meetings with Chinese representatives to negotiate a debt restructuring agreement. Finally, in November 2023, Sri Lanka concluded an agreement in principle on restructuring $4.2 billion of debt owed to the Export-Import Bank of China. After the Sri Lankan government shared the details of this agreement with the official creditor committee, thes OCC approved their restructuring agreement covering $5.9 billion, with news reports noting that "[t]he official creditors committee had delayed its proposal until it could review the Chinese deal" (Mazumdar and Yokoyama 2023).

In Sri Lanka, bilateral creditors did not engage in even the limited coordination observed in the Zambian case, highlighting the impact that the Common Framework had in Zambia. However, substantive disagreements and distrust were comparable in the two cases, similarly leading to delays.

6. Conclusion

The establishment of the Common Framework illustrates how states can create informal institutions even in regimes where leading organizations are already informal. We show that the increasing institutionalization of the Paris Club made it more difficult for China to join the organization and led countries to create an informal layer within the G20 to deal with debt crisis in the aftermath of the COVID-19 pandemic, a time when creditors were pressured to take urgent action. Future work on the consequences of institutionalization of informal IOs would benefit from analyses comparing IOs at different levels of institutionalization, since here we considered only the relatively institutionalized Paris Club. We would expect that less institutionalized informal IOs are more likely to be reformed during crisis, rather than triggering institutional proliferation.

The Common Framework builds on existing principles in the sovereign debt regime and the Paris Club's previous governance. However, it also includes innovations to accommodate China's preferences. In particular, it relaxes rules around information sharing and terms of debt relief that were at the core of the Paris Club. Our analysis of the impact of the Common Framework in Zambia and Sri Lanka indicates that informal layers can both enhance and stymie international cooperation. In the case of Zambia, coherent overlaps between the Common Framework and prior rules of the sovereign debt regime led to higher levels of coordination among creditors that have not previously cooperated within the same multilateral framework, including China. Nonetheless, these advancements were accompanied by contradictory overlap that may have undermined the durability of those creditor agreements, as China's blocking of Zambia's agreement with private creditors makes clear. The comparison to the case of Sri Lanka outside the Common Framework, where China did not coordinate with other official creditors, makes evident the partial positive impact of the new layer on restructuring processes where it is applicable.

In interpreting the enduring coordination difficulties in the sovereign debt regime, it is worth noting that the Paris Club required several decades to develop the principles and rules that govern its approaches to debt restructuring. The Common Framework may be one step in the gradual development of new sovereign debt practices. That it has already altered China's behavior in eligible countries, spurring coordination with other creditors, suggests that it has had a greater impact than earlier failed reform initiatives, such as the Sovereign Debt Restructuring Mechanism (SDRM) of the early 2000s. In fact, compared to the SDRM, the informality of the Common Framework may make it easier to pave the way for more thorough reforms to the regime.

Our paper makes two contributions to literature on informal IOs and regime complexes, while pointing to areas for future research. First, the origin story of the Common Framework is consistent with research on the proliferation of informal international organizations in the last decades (Roger 2020; Vabulas and Snidal 2013), and it reveals that this proliferation can happen not only in reaction to formal organizations but also when informal designs become more institutionalized. While scholars have acknowledged that the informality of international organizations exists on a continuum (Caballero-Anthony 2022; Rodriguez-Toribio 2024; Roger, Snidal, and Vabulas 2023; Vabulas and Snidal 2013), we make a contribution by showing how the greater institutionalization of an informal IO can shape subsequent developments within the regime complex. If an informal IO becomes more rigid, this can invite the proliferation of further informal IOs. Our research thus opens up avenues for further work on variation in the complexity of global governance over time (Eilstrup-Sangiovanni and Westerwinter 2022). Second, our findings advance research on how institutional overlap can be used to either improve effectiveness in international cooperation or to undermine it (Reinsberg and Westerwinter 2023), highlighting that more research needs to be done to understand how these mechanisms work in contexts where regime complexes are either informal-led or hybrid (Abbott and Faude 2022).

More broadly, our analysis of the recent changes in the sovereign debt regime highlights how the seeming flexibility of an informal institution can prove to be too rigid to accommodate the divergent preferences of powerful states. China was unwilling to adhere to the practices of the Paris Club, even if these were not legally binding, leading to a move to an even more informal setting with greater flexibility. This aligns with insights from the literature on how informal IOs can be useful for power transitions (Vabulas and Snidal 2022), and suggests that in an era of heightened geopolitical competition between great powers, even seemingly flexible informal IOs that become routinized and associated with particular powers may become gridlocked.

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Appendix

Table A1: Comparing features of the Common Framework and the Paris Club

Feature	Text in the Common Framework	Text from the Paris Club	Consistent with old regime or new?
How are borrower requests approached?	"Recognizing that efficiently addressing ongoing debt vulnerabilities will **require a case-by-case approach, but also strong creditors' coordination**"	"The Paris Club makes decisions on a **case-by-case basis** in order to tailor its action to each debtor country's individual situation"	Consistent with old regime
Which bilateral creditors are included?	"All **G20 and Paris Club creditors** with claims on the debtor country, as well **as any other willing official bilateral creditor** with claims on the country"	"The **22 Paris Club permanent members** are countries with large exposure to other States worldwide and that agree on the main principles and rules of the Paris Club…These creditor countries have constantly applied the terms defined in the Paris Club Agreed Minutes to their bilateral claims" **Ad Hoc Participants are "Invited on a case-by-case basis** to join on a country-specific discussion and/or workout, **based on a signalled interest in specific countries and issues**"	New: Main difference is the inclusion of G20 countries that are not members of the Paris Club, i.e. Argentina, China, India, Indonesia, Mexico, Saudi Arabia, South Africa, and Türkiye.
Calls on private creditors to participate?	"…a common framework for the G20…with broad creditors' participation **including the private sector**"	Through comparability of treatment: "A debtor country that signs an agreement with its Paris Club creditors should **not accept from its non-Paris Club commercial** and bilateral creditors terms of **treatment of its debt less favorable to the debtor than those agreed with the Paris Club**."	New: Common Framework directly calls for private creditors' participation, but has no specific mechanism to ensure their involvement.

How is amount of necessary debt treatment assessed?	"The need for debt treatment, and the restructuring envelope that is required, will be based on an **IMF-WBG Debt Sustainability Analysis (DSA)** and the ***participating official creditors' collective assessment***, and will be consistent with the **parameters of an upper credit tranche (UCT) IMF-supported program**. The debtor country requesting a debt treatment will **provide to the IMF, the WBG as well as creditors participating in the debt treatment, the necessary information** regarding all public sector financial commitments (debt), while ***respecting commercially sensitive information***"	"The Paris Club only negotiates debt restructurings with debtor countries that: - need debt relief. Debtor countries are **expected to provide a precise description of their economic and financial situation**, - have implemented and are committed to implementing reforms to restore their economic and financial situation, and - have a **demonstrated track record of implementing reforms under an IMF program.** This means in practice that the country **must have a current program supported by an appropriate arrangement with the IMF** (Stand-By, Extended Fund Facility, Poverty Reduction and Growth Facility, Policy Support Instrument). The level of the debt treatment is based on the **financing gap identified in the IMF program**."	Consistent with old regime: IMF Debt Sustainability Analysis is used to establish need for debt relief, debtor country is expected to provide necessary information. New: The official creditors' collective assessment also matters for assessing necessary debt relief. Debtors are expected to respect commercially sensitive information in disclosing their debts.
How does coordination take place?	"**All G20 and Paris Club creditors** with claims on the debtor country, as well as any other willing official bilateral creditor with claims on the country, will **coordinate their engagement with the debtor country** and **finalize jointly the key parameters** of the debt treatment, ***consistent with their national laws and internal procedures***"	"All members of the Paris Club agree **to act as a group in their dealings with a given debtor country** and be sensitive to the effect that the management of their particular claims may have on the claims of other members. Paris Club decisions **cannot be taken without a consensus among the participating creditor countries**."	Consistent with old regime: Creditors engage with borrower as a group and reach joint decisions on debt treatment. New: No explicit mention of consensus. Instead, note that joint decision needs to be consistent with creditors' national laws and internal procedures

What debt treatment is anticipated?	"The key parameters will include at least (i) the changes in nominal debt service over the IMF program period; (ii) where applicable, the debt reduction in net present value terms; and (iii) the extension of the duration of the treated claims. In principle, ***debt treatments will not be conducted in the form of debt write-off or cancellation.*** If, in the most difficult cases, **debt write-off or cancellation is necessary as a consequence of the IMF-WBG DSA *and the participating official creditors' collective assessment,*** specific consideration will be given to the fact that ***each participating creditor shall fulfill its domestic approval procedure*****s** in a timely manner while keeping other creditors informed of progress"	"Paris Club treatments are defined individually, by consensus of all creditor countries. Most treatments fall under the **following pre-defined categories,** listed below by increased degree of concessionality: - "Classic terms": standard treatment - "Houston terms": for highly-indebted lower-middle-income countries - "Naples terms": for highly-indebted poor countries - "Cologne terms": for countries eligible to the HIPC initiative." "**Debt cancellation has been increasingly used**…The cancellation rate has been regularly raised, achieving 90% or more when necessary to reach debt sustainability in the framework of the Heavily Indebted Poor Countries Initiative. If Paris Club treatments are defined on a case by case basis, **most of them are however based on pre-defined categories and fall under two main frameworks: the Heavily Indebted Poor Countries Initiative and the Evian approach.**"	Consistent with the old regime: The use of the IMF Debt Sustainability Analysis to determine extent of debt treatment New: Debt cancellation is considered as a last resort, rather than one of the standard options. The creditors' collective assessment can shape where debt cancellation is provided. When providing debt cancellation, creditors need to fulfill domestic approval procedures.
Burden sharing / Comparability of treatment	"The key parameters will be established so as to ensure **fair burden sharing among all official bilateral creditors**, and debt treatment by **private creditors at least as favorable as that**	"A debtor country that signs an agreement with its Paris Club creditors **should not accept from its non-Paris Club commercial and bilateral creditors terms of treatment of its debt less favorable** to the debtor than those agreed with the Paris Club."	Consistent with the old regime

	provided by official bilateral creditors." "A debtor country that signs an MoU with participating creditors will be required to seek **from all its other official bilateral creditors and private creditors a treatment at least as favorable as the one agreed in the MoU**." "Assessment of **comparable efforts will be based on changes in nominal debt service, debt stock in net present value terms and duration of the treated claims.**"	"In practice, Paris Club creditors take a broad-based approach in their assessment of whether a debtor has met the comparability of treatment requirement. **Factors for assessing comparability include, for each type of creditor, changes in nominal debt service, net present value and duration of the restructured debt**… [D] ebtors' relations with external private creditors are more complex…The Paris Club's experience is that it can be **more difficult to make a direct comparison between the efforts of creditors that choose to reschedule flows and those that restructure their stocks** of debt…As a general rule, comparability of treatment is assessed on the basis of the effect of private treatments compared to the effect of Paris Club treatments (in terms of **duration, net present value and flow relief**)"	
What information is shared between creditors?	"The **debtor country requesting a debt treatment will provide** to the IMF, the WBG as well as creditors participating in the debt treatment, the **necessary information regarding all public sector financial commitments (debt)**, " "The joint creditors **negotiation shall be held in an open and transparent manner**…[After reaching an agreement, creditors] will continue	"The Paris Club is a **unique information-sharing forum**. Paris Club members regularly share **views and information with each other on the situation of debtor countries,** benefit from participation by the IMF and World Bank, and **share data on their claims on a reciprocal basis**. In order for discussions to remain productive, deliberations are kept confidential."	New: Rather than sharing information regularly, creditors will only share information for the purpose of a specific negotiation with a debtor. Onus is on the borrower to provide relevant information.

	to closely coordinate and **share information on the status of implementation of the MoU**."		
What form does the agreement take?	"The key parameters will be recorded in a **legally non-binding document, named "Memorandum of Understanding" (MoU),** to be signed by all participating creditors and by the debtor country. **Creditors will implement the MoU through bilateral agreements signed with the debtor country.** They will continue to closely coordinate and share information on the status of implementation of the MoU."	"The outcome of the negotiation is **not a legally-binding agreement** between the debtor and each of its creditors but instead **a document called Agreed Minutes.** These Agreed Minutes are signed by the Chair of the Paris Club, the minister representing the debtor country and the representative of each creditor and constitute a recommendation to the **governments of Paris Club creditors and of the debtor country to conclude bilateral agreements** implementing the provisions of these Agreed Minutes. These **bilateral agreements give a legal effect to the agreement** reached during the negotiating meeting."	Consistent with the old regime
What role for multilateral development banks?	"Multilateral Development Banks will develop options for how best to help meet the longer term financing needs of developing countries, including by drawing on past experiences to deal with debt vulnerabilities such as domestic adjustment, net positive financial flows and ***debt relief***, while protecting their current ratings and low cost of funding."	"…the debtor country undertakes to **seek from non-multilateral creditors,** in particular other official bilateral creditor countries that are not members of the Paris Club and private creditors (mainly banks, bondholders and suppliers), a treatment on comparable terms to those granted in the Agreed Minutes."	New: Common Framework mentions participation of multilateral development banks including possibly through debt relief, though it notes there is no consensus on how to implement this

	Footnote at debt relief: "Different options were used in the past to deal with debt vulnerabilities, including domestic adjustment, increased net positive inflows or debt relief including through schemes such as the Heavily Indebted Poor Countries (HIPC) initiative and the Multilateral Debt Relief Initiative (MDRI). There is ***currently no consensus on how these previous options might apply to current circumstances***."		