

Global Sovereign Debt Roundtable

Compendium of GSDR Common Understanding on Technical Issues

Version as of: April 15, 2026

Restructuring Timelines	
	<p><u>From April 2024 GSDR Cochairs Progress Report:</u></p> <p>“Alongside other workstreams, including the work at the G20, Paris Club, and experience-building through ongoing restructuring negotiations in the first place, the GSDR discussion has helped accelerate processes.</p> <p>Still, timelines remain beyond the typical time frame observed in the past, negatively impacting the debtor and its creditors. Where applicable, in particular for Common Framework cases, the timeline to form an official creditor committee (OCC) could be shortened, to take the best advantage of a format that ensures the fastest and most efficient sharing of information with all participants. This would also help communication and coordination with private creditors and accelerate their own restructuring processes.</p> <p>In future restructuring cases, all relevant stakeholders, including the IMF, the World Bank and official bilateral creditors, should work expeditiously with the debtor country to ensure that sufficient information is shared in a timely manner, in particular on DSAs and macroeconomic frameworks, while taking into account the specificities of each case and time for internal coordination and decision. Absent specific circumstances impeding a timely decision-making, and provided sufficient information is being shared early and potential concerns being discussed, the proposal for the next debt restructuring case should be set as a trial example to aim for program approval within 2–3 months of SLA. Such progress would strengthen timeliness and predictability, which is a clear, high aspiration of all GSDR members.”</p> <p><u>From April 2025 GSDR Cochairs Progress Report:</u></p> <p>“Reflecting the progress observed in recent restructurings, and building on the opportunities created by the revised IMF debt policies, there was a growing consensus among GSDR participants to expand the April 2024 understanding and more clearly have the shared objective that <i>“Absent specific circumstances impeding a timely decision-making, and provided sufficient information is being shared early and potential concerns being discussed, a debt restructuring should aim at enabling program approval within 2–3 months of SLA, and an agreement in principle on the key parameters of the treatment about six months after program approval”</i>”.</p> <p><u>From October 2025 GSDR Cochairs Progress Report:</u></p> <p>“GSDR work underlined the protracted timelines when moving from OCC MOUs to actual bilateral agreements. Timely implementation is warranted. OCCs or/and debtors could publish timetables, with regular updates, on the status of signature of bilateral agreements, both to incentivize earlier progress and identify potential issues.”</p> <p><u>From April 2026 GSDR Cochairs Progress Report:</u></p> <p>“GSDR participants agreed that practical steps could be implemented to ensure earlier finalization of bilateral agreements, so that <i>“absent specific circumstances, the debtor could expect finalizing the bilateral agreements within 12 months of the MOU”</i>, while</p>

	<p>preserving some flexibility. Publication of an “MOU implementation table”, with regular updates on the status of signature of the bilateral agreements, could facilitate MOU implementation monitoring.”</p>
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<p>Information Sharing</p>	
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	<p><u>From October 2023 GSDR Cochairs Progress Report:</u></p> <p>“The IMF and the World Bank have published guidance to staff on information sharing in the context of sovereign debt restructurings. These notes provide guidance on what information can be shared, with whom, and through which channels, at the different stages of the restructuring. See IMF Paper No. 2023/027: Staff Guidance Note on Information Sharing in The Context of Sovereign Debt Restructurings (June 2023); and Bank Guidance: Staff Guidance Note on Information Sharing in the Context of Sovereign Debt Restructurings (English). Washington, D.C.: World Bank Group.”</p> <p><u>From April 2025 GSDR Cochairs Progress Report:</u></p> <p>“In addition to information shared by the IMF and World Bank, for which detailed operational guidance has now been provided on what information can be shared at the different stages of the process, GSDR participants expressed support to (i) a debtor convened meeting of all official bilateral and private creditors, very early in the process, to explain the context and goals of the restructuring. This would ensure all creditors have equal access to information, while also providing information on how different creditors evaluate the request; (ii) an engagement with the OCC co-chairs and representatives of private creditors (e.g., the financial advisers or steering committee members of any commercial creditor committee) at specific points, such as once cut-off dates or scope of any official bilateral creditor treatment has been agreed; and / or once a consensus around a debt treatment by official bilateral creditors has emerged. Strengthening this information sharing would support parallel negotiation between the debtor and the different groups of creditors, thus accelerating the overall process.”</p> <p><u>From October 2025 GSDR Cochairs Progress Report:</u></p> <p>“Early and continuous information-sharing between the restructuring debtor, the different creditors or creditor groups (OCC, bondholders committees etc.), and the IMF and World Bank, remains identified as a key factor to support timely and efficient restructuring processes. This also facilitates parallel rather than sequential negotiations when this meets the debtor’s strategy. GSDR participants reaffirmed their support to a debtor-convened meeting of all official bilateral and private creditors, very early in the process, to explain the context and goals of the restructuring, and further engagements, as appropriate, to facilitate information-sharing as the process proceeds. Such meetings can also provide an opportunity for the IMF and the World Bank to share information on the macroeconomic framework and debt sustainability analysis, consistent with policies on information sharing, and explain their policy frameworks, including with regard to the IMF debt and financing assurances policies when relevant and the World Bank’s requirements for providing financing through budget support operations. Enhanced information-sharing also helps accelerate the restructuring of non-bonded commercial debt. In parallel, early and continuous engagement with CRAs, including to update them on progress in the actual restructuring, can support early post-restructuring credit rating upgrades.”</p>
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	<p><u>From October 2026 GSDR Cochairs Progress Report:</u></p> <p>“GSDR participants agreed that, to accelerate the restructuring process and ensure private creditors have early information on comparability of treatment (CoT), the debtor can, if this meets its negotiation strategy, publish the three parameters against which CoT will be assessed (i.e., NPV reduction, change in debt service over the IMF program, and change in duration of the treated claims) as soon as it has reached an AIP with its official bilateral creditors.”</p>
<p><i>Restructuring Perimeter</i></p>	
<p>Classification of claims</p>	<p><u>From October 2025 GSDR Cochairs Progress Report:</u></p> <p>“GSDR participants appreciated the background note from IMF staff on the classification of official bilateral vs commercial claims (see annex to the October 2025 GSDR Progress Report). They welcomed the clarification that the Fund’s classification of claims for its purposes does not determine their treatment in a restructuring. While the Fund uses a claim-by-claim analysis to determine the classification of claims for purposes of Fund policies, for efficiency reasons, the Paris Club and CF OCCs often use an institution-by-institution approach to encompass a broader scope of claims in their treatments. While there are benefits to a close alignment between the Paris Club and CF practice and the Fund’s definition, exact one-to-one mapping is not necessary, and the treatment has differed on the margins in the past without any material complication.”</p> <p><u>From April 2026 GSDR Cochairs Progress Report:</u></p> <p>“There are ongoing efforts to clarify how different claims are treated in a restructuring process, in particular with regards to private loans backed by an export-credit agency (ECA). GSDR participants noted that practices vary among ECAs and their sovereigns among OECD countries, in particular on how the unguaranteed portion of the underlying commercial loan is treated. While, for all OECD ECAs, the guaranteed portion of the underlying commercial loan would be treated as “official claim”, typically included in the perimeter of the OCC for Common Framework cases, even when the guarantee is not called, practices differ on the unguaranteed portion of the underlying commercial loan. Some creditor would treat the whole underlying commercial loan as part of the pool of official bilateral claims, typically included in the perimeter of the OCC for Common Framework cases, including the unguaranteed portion; others would distinguish the guaranteed portion (treated as official bilateral claim) and the unguaranteed portion (treated as commercial claim, to which CoT applies). China clarified that all Sinosure-backed commercial loans are assessed as commercial, including for the portion that is guaranteed. GSDR participants welcomed the ongoing clarification on how different claims are treated in a restructuring process, acknowledging that practices are likely to remain diverse given different characteristics and institutional frameworks.”</p>

<p>Short-Term Debt</p>	<p><u>From October 2023 GSDR Cochairs Progress Report:</u></p> <p>“Discussions showed growing support to generally exclude short-term debt (debt with an original maturity of one year or less) from the restructuring perimeter. The exclusion of short-term debt is common practice under Paris Club treatments and an explicit feature of the Common Framework. It is important for restructuring countries as it helps maintain access to trade finance. In recent and ongoing restructuring cases, including outside the Common Framework, the practice has similarly excluded short-term debt from restructuring perimeters.”</p>
<p>Domestic Debt</p>	<p><u>From October 2023 GSDR Cochairs Progress Report:</u></p> <p>“Discussions underlined the complexities and trade-offs attached to domestic debt restructurings (DDRs), which are different from external debt restructurings (EDRs). Although a DDR may appear easier to accomplish as sovereigns raise debt under local law, giving them, in principle, stronger leverage on the terms and pace of the debt restructuring, domestic debt is generally held predominantly by domestic creditors whose losses can spread the initial sovereign debt distress to the broader economy and society through various channels. While there should not be a presumption ex ante that domestic debt should be included or excluded in the restructuring perimeter, as the analysis should be data-driven and country-specific, a range of underlying circumstances should be considered when assessing whether to include or exclude domestic debt and the impact on financial stability, growth, social cohesion and ultimately debt sustainability. They include, inter alia, the overall level of public debt, the share of domestic debt in total public debt, the country’s financial depth, the legal features and currency and creditor composition of the domestic debt, and the social and political implications of the potential restructuring strategy. These considerations present a different set of constraints than in external debt restructurings.</p> <p>The relative balance between different factors would differ case-by-case. A DDR might be necessary in some cases—including when public debt is assessed unsustainable and EDR would be insufficient to restore debt sustainability—, but inappropriate in others. The decision to include domestic debt in the restructuring perimeter and, if so, the extent of such a DDR, should be based on a scenario analysis that considers the costs and benefits of different combinations of DDR and EDR, anchored in the objective to restore debt sustainability while minimizing potential costs, including to financial stability, economic growth, social cohesion, etc.</p> <p>Pursuing a single metric of comparable treatment for both DDR and EDR seems unlikely to be appropriate—rather, scenario analyses, communication and transparency are essential. While DDR and EDR are often part of the same broader restructuring strategy, they have different characteristics and follow different constraints. However, it is critical for national authorities to explain to their creditors the approach to domestic debt restructuring (which could be the absence of any DDR) as well as the considerations attached to the potential scenarios analyzed as part of the cost-benefit analysis. Moreover, transparency and disclosure of the country’s domestic debt portfolio, regardless of whether DDR is pursued, gives comfort to external creditors and can help facilitate EDR.”</p>

<p>Non-Resident Holders of Domestic Debt (NRHs)</p>	<p><u>From April 2024 GSDR Cochairs Progress Report:</u></p> <p>“Discussions underlined emerging consensus on the need to treat NRHs on a case-by-case basis in the event of a restructuring. Some participants advocated for the inclusion of NRHs in the restructuring envelope if they are included in the DSA. Others underlined that, while NRHs are external creditors from the perspective of the DSA (since they receive payments flowing out of the country, being non-resident), NRHs hold debt instruments that are governed by domestic law. As such, NRHs are intrinsically linked to the decision of the authorities to include or exclude “domestic debt” from the restructuring perimeter, for which several trade-offs and country specific scenario analyses need to be considered. Further discussion is needed to deepen the common understanding on this complex issue.”</p>
<p>SOE Debt</p>	<p><u>From April 2024 GSDR Cochairs Progress Report:</u></p> <p>“There was limited progress towards a consensus on the treatment of SOE debt. Some participants continued to express their view that SOE debt should be excluded from the perimeter of DSAs and restructuring envelopes. Others maintained their view that SOEs are a relevant source of fiscal risk especially in LICs and therefore their inclusion in principle in the DSA perimeter in application of the current LIC DSF (with limited exceptions) is warranted. The discussion confirmed the existing flexibility, whereby creditors and the debtor country can agree on a restructuring perimeter that differs from the perimeter of the DSA, even though this approach has inevitable burden-sharing consequences for the participating creditors. The issue of SOE debt will continue to be discussed, including as part of the review of the LIC DSF.”</p>
<p><i>Restructuring Parameters</i></p>	
<p>Cutoff Dates</p>	<p><u>From October 2023 GSDR Cochairs Progress Report:</u></p> <p>“Cutoff dates are key for the restructuring process but also an important parameter to protect new financing to the restructuring country, including emergency support. As such, having early clarity on the cutoff date is critical. That said, flexibility seems warranted to account for case-specific circumstances. In practice, in recent restructuring cases, cutoff dates have been decided case-by-case by creditors, generally not later than the date of the staff-level agreement (SLA) reached between the authorities and IMF staff on an IMF-supported program, which protects new financing provided after the SLA.”</p>

<p>Comparability of Treatment (CoT) between Official Bilateral and Private Creditors, and Consistency with Debt Restructuring Targets and IMF Program Parameters</p>	<p><u>From April 2024 GSDR Cochairs Progress Report:</u></p> <p>“Assessing and enforcing CoT between official bilateral and private creditors participating in an external debt restructuring remains a critical issue where further clarification is warranted.</p> <p>In the recent and ongoing restructuring cases under the Common Framework, official bilateral creditors have been using an approach according to which CoT is:</p> <ul style="list-style-type: none"> • Assessed using the three criteria listed in the Common Framework: <ul style="list-style-type: none"> i. The changes in nominal debt service over the IMF program period; ii. Where applicable, the debt reduction in net present value terms (NPV), using a “New NPV / Old NPV” formula and the discount rate of the LIC DSAs (currently 5 percent); iii. The extension of the duration of the treated claims; and • enforced via mechanisms such as claw-back clauses and/or request to remain in arrears vis-à-vis private creditors until an agreement has been found that respects CoT. <p>For restructurings outside the Common Framework, similar assessment and enforcement mechanisms have been used, with NPV calculations based sometimes on two or more discount rates to ensure some sensitivity analysis.</p> <p>GSDR discussions have reconfirmed that official bilateral creditors seem intent to maintain this approach in future cases.</p> <p>Strengthening the exchange of information and consultation process across creditor groups, as well as with the IMF and World Bank, would facilitate convergence and timely finalization of the restructuring.</p> <p>In practice, GSDR discussion underlined support for:</p> <ul style="list-style-type: none"> • Enhanced information sharing and coordination across creditor groups on CoT metrics, including expected NPV relief. When negotiating with its private creditors, the debtor country needs to know in detail how CoT will be assessed. Thus, official bilateral creditors should provide the debtor with clarity regarding the quantitative metrics that need to be respected for the CoT to be met, and the related room for maneuver that exists within these metrics. Relevant information should be shared with the other creditors to facilitate and accelerate the restructuring process. This could be done either through improved information sharing and coordination across creditor groups. • Timely verification of consistency with debt targets and IMF program parameters. It is critical that the different contributions to the restructuring ultimately meet what is needed overall. Timely information sharing on the restructuring strategy by the debtor country to IMF staff is key to confirm the consistency of the envisaged treatment with debt targets and program parameters and should happen before any restructuring agreement is made public. <p>Ultimately, close coordination and exchange of information among the debtor country, private creditors, official bilateral creditors, and the IMF, is essential. Official bilateral creditors should ensure timely communication of the key data upon which CoT will be</p>
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	<p>assessed, while private creditors and the debtor should ensure that, before they finalize and announce an agreement in principle, a verification is completed by the debtor with the IMF staff on consistency with program parameters and with the official bilateral creditors on CoT. It is the only way to ensure both the consistency with debt targets and IMF-supported program parameters (without which the program or review of program cannot be presented to the IMF Executive Board), and CoT (without which the official bilateral creditors would not implement their restructuring, de facto making the restoration of debt sustainability impossible, and thus blocking the program or review of program).</p> <p>Importantly, the steps described above do not necessarily lead to a sequential process, with official bilateral creditors moving first and private creditors second. In particular, nothing precludes both groups to advance their negotiations in parallel. The GSDR discussion underlined that, should this be the preference of the debtor, such parallel negotiations should be supported as this would strengthen the chance for a swift and efficient resolution.</p> <p><u>From April 2025 GSDR Cochairs Progress Report:</u></p> <p>“There has now been significant experience in the implementation of CoT. However, further efforts could be done to help debtors understand how CoT will be evaluated and how it can be explained to the different creditor groups.”</p> <p>“GSDR discussions underlined the need for enhanced transparency and information sharing regarding the restructuring agreements reached by official creditor committees. There was a growing consensus that publication by official creditor committees of the key terms of their restructuring once an agreement is reached, based on their collective decision and on a case-by-case basis, would facilitate implementation of comparability of treatment across creditors.”</p> <p><u>From April 2026 GSDR Cochairs Progress Report:</u></p> <p>“GSDR participants noted that the Paris Club has formed a position that CoT should be assessed at the level of each individual AIP reached with private creditors. While noting the position, some GSDR participants expressed the view that some flexibility or aggregation should be preserved in practice, when dealing with marginal or residual creditors.”</p>
<p><i>Other Aspects</i></p>	
<p>Debt Swaps and Climate Resilient Debt Instruments</p>	<p><u>From April 2024 GSDR Cochairs Progress Report:</u></p> <p>“Discussions underlined widespread view that debt-for-nature/debt-for-development swaps can be a useful tool for liability management but are generally not appropriate for situations where debt restructuring is required. Overall cost-benefit analysis should be carefully undertaken. More work would be needed to standardize these instruments and make them more rapidly and cheaply scalable. Diverse views were expressed on the public support for these operations, often emphasizing the need for strong alignment of the development outcome of the swap and country priorities. Participants also noted the need to increase transparency of documentation and governance.</p>

	<p>Climate Resilient Debt Clauses (CRDCs) were generally viewed as useful initiatives and scaling up their use was largely supported. The discussion covered a range of technical issues that could facilitate their adoption and implementation beyond the standard term sheet prepared by the International Capital Markets Association, with some official creditors sharing their successful experience in including such clauses in their loans. Expansion beyond the case of hurricane events, where data history is large and risks and probabilities are well documented, was identified as challenging, but ongoing work to define standard clauses for such other events was highlighted as promising. Transparency and clarity about the indicators triggering the clauses are critical.”</p>
<p>Liability Management Operations (LMOs)</p>	<p><u>From April 2025 GSDR Cochairs Progress Report:</u></p> <p>“GSDR participants generally agreed that active voluntary LMOs can bring tangible benefits for certain countries. They can improve debt sustainability by easing the liquidity challenges; they can create space to finance development spending, which in turn, can generate higher growth and improve debt ratios. Of course, this would not be the case for all countries, and would depend on the specific situation of each country.”</p> <p><u>From October 2025 GSDR Cochairs Progress Report:</u></p> <p>“GSDR participants agreed that, while LMOs would not be appropriate in all circumstances, certain countries would benefit from well-designed, voluntary LMOs as such operations would help reduce short-term liquidity constraints, and create fiscal space for growth-enhancing spending and growth dynamics. Higher growth would, in turn, improve medium-term debt ratios. Effectiveness of LMOs would, however, be inevitably country-specific and hinge on careful structuring and transparent execution. GSDR participants supported the publication of practical guidance to help country authorities navigate complex transactions and credit-enhancement structures, similar to the note on “Debt for Development Swaps” published in July 2024 by IMF and World Bank staffs. Discussions on credit enhancements, including the use of guarantees to repay or secure loans, noted that, while NPV-neutrality remains the benchmark for voluntary LMOs, exceptions may arise depending on instrument design and macro-fiscal context. GSDR participants stressed the importance of early and proactive communication, vis a vis CRAs and the market. Standardized frameworks, especially when structuring innovative instruments such as partial guarantees, would also facilitate execution and support predictable treatment, thus underpinning early post-operation rating decisions.”</p> <p><u>From April 2026 GSDR Cochairs Progress Report:</u></p> <p>“Guarantees or insurances – provided by the official or the private sector – can make LMOs more effective by compressing borrowing costs, extending maturities, and broadening or strengthening investor demand. However, their impact depends on country context and the design of the specific operation. LMOs should not be seen as fit to any situation, nor coming without costs and risks. Staff from the World Bank and the IMF have prepared a practical note aimed at providing policy makers and debt managers with a user-friendly manual to guide decisions when considering LMOs with credit enhancements.”</p>

<p>Engagement with Credit Rating Agencies (CRAs) on Issues Associated with Debt Operations</p>	<p><u>From April 2024 GSDR Cochairs Progress Report:</u></p> <p>“Meeting with CRAs helped participants comprehend how CRAs approach different debt operations that a country can consider. CRAs explained their criteria to classify Distressed Debt Exchanges (DDEs), which focuses on the reduction of value to holders with respect to contractual terms and on whether the exchange aims at avoiding default. Participants raised several questions, in particular on the rating implications of debt swaps and liquidity relief operations, including multilateral initiatives such as the G20 Debt Service Suspension Initiative (DSSI) in 2020-21. CRAs clarified that debt-for-nature/debt-for-development swaps would be treated like any debt exchange operation (which may or may not imply distress). Liquidity operations would be similarly assessed on a case-by-case basis, depending on whether or not the exchange would qualify as DDE. All participants stressed the importance of increasing transparency, information sharing and communication. GSDR participants showed great interest in better understanding CRAs methodologies and the consequences of potential debt management operations on ratings. CRAs noted that there is already extensive discussion with issuers, but would welcome even closer engagement.”</p> <p><u>From April 2025 GSDR Cochairs Progress Report:</u></p> <p>“The recent GSDR meetings with CRAs helped clarify further how CRAs assess:</p> <ul style="list-style-type: none"> • Partial guarantees. There is renewed interest in third-party sovereign guarantees as a form of credit enhancement to support borrowers in accessing markets at sustainable rates. CRAs explained that they assess partial guarantees in several asset classes (e.g. corporates), but not so much in the sovereign space because there are few transactions. The World Bank supported debt for education swap conducted by Code d’Ivoire in December 2024, suggests that there is space to help countries through the provision of partial guarantees. • Liability Management Operations (LMOs). CRAs explained that their assessment of whether an LMO is a distressed event is based on: (i) whether a buyback takes place at a significant discount and (ii) whether it is done to prevent a default. The latter takes into consideration whether the sovereign still has market access, the size of the transaction, and whether the bond bought back matures in the short-term. None of the criteria are binding and ultimately there is a significant element of judgement. The use of Collective Action Clauses (CACs) would indicate the non-voluntary nature of an exchange. Finally, CRAs underlined that early engagement with them is key, for them to have a better understanding of the transaction which is being considered. They underlined their openness and interest to such an early engagement. While, by regulation, they cannot tell how a transaction should be structured, they can point to previous experiences and past cases that can help the issuer in its decision-making. Issuers considering an LMO should consider such a proactive engagement with CRAs, using established frameworks to exchange confidential information.”
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	<p>“Another important element discussed at the GSDR relates to the expected timeline for a credit rating upgrade following a restructuring. GSDR meetings with CRAs highlighted the issue of countries remaining in a default or selective default rating due to residual amounts of unrestructured debt. All three CRAs reaffirmed their focus on commercial debt, noting that official debt treatment falls outside their rating scope. They explained that sovereigns are upgraded once they have normalized relations with a significant majority of private creditors, not necessarily all of them. While there is no specific numerical thresholds for how large that majority needs to be, and CRAs base their judgement on a case-by-case analysis, an important consideration is how disruptive the holdout creditors could be and if the debtor has started good faith negotiations with all commercial creditors. The importance of information sharing was highlighted, by debtor countries as well as by CRAs to explain to debtor countries what keeps them in default status.”</p> <p><u>From October 2025 GSDR Cochairs Progress Report:</u></p> <p>“Post-restructuring credit rating upgrades: Representatives from the three major CRAs explained their respective methodologies and clarified that, while it is impossible to provide a strict quantified metric, as ratings ultimately rely on a case-by-case approach, including judgment, key factors that can trigger or delay a post-restructuring credit rating upgrade, and the magnitude of it, include the size but also the complexity associated with the not-yet restructured debt. They clarified that an upgrade can happen even with a share of not-yet restructured debt, provided that this not-yet restructured debt does not represent a hurdle for the country to remain current on its new (post-restructuring) obligations. They underlined the importance of sharing information and data with them, including the details of the debt composition and status of the restructuring negotiations, so they can inform their rating with the best available information. While acknowledging this does not create any precedent, participants noted that recent post-restructuring upgrades (e.g., Ghana) included a share of not-yet restructured debt in the range of 5-10 percent.”</p>
<p>Non-bonded commercial debt</p>	<p><u>From April 2025 GSDR Cochairs Progress Report:</u></p> <p>“Significant progress has been observed in the timeliness and efficiency of the restructuring of official bilateral debt (in particular thanks to the Common Framework, which gathers Paris Club and non-Paris Club creditors), and coordination between the restructuring of official bilateral debt and bonded debt (through the implementation of the CoT clauses). In addition, the coordination of the restructuring of bonded debt is now largely ensured by the widespread use of collective action clauses. The restructuring of non-bonded commercial debt (typically, commercial banks), however, is not governed by coordination mechanisms, beyond the application of the CoT clauses by official bilateral creditors. As such, the debtor needs to negotiate with each individual creditor, which can be lengthy. In practice, this often does not affect the economic recovery of the country as, in particular, the Fund-supported program can continue to advance provided the debtor is negotiating in good faith so the conditions for the Lending into Arrears policy of the Fund are met. The World Bank can also provide budget support financing conditional on satisfactory progress of debt restructuring consistent with an adequate macroeconomic policy framework. GSDR participants explored ways to facilitate earlier restructuring of non-bonded commercial debt, including through the possible issuance by the GSDR of “good practices” on how debtors could organize their restructuring process, and launch parallel negotiations early. They agreed to continue this work.”</p>

	<p><u>From October 2025 GSDR Cochairs Progress Report:</u></p> <p>“GSDR participants underlined the need for progress in this field. Unlike official bilateral creditors and bondholders, there is no obvious coordination mechanism for these creditors. Participants supported public messaging from the GSDR to raise the awareness of both debtors and private creditors on the importance of engaging early on, also regarding the restructuring of non-bonded commercial debt. This reduces the risk of protracted negotiations toward the end of the restructuring, with a potential negative impact on the speed and magnitude of the post-restructuring credit rating upgrade. Debtors, in particular, should ensure that their initial contract with debt advisors extends to this part of the restructuring. Private creditor associations or coalitions, on their side, should find ways to raise awareness among their members on the importance of early and timely engagement.”</p> <p><u>From April 2026 GSDR Cochairs Progress Report:</u></p> <p>“GSDR participants welcomed the work launched by the London Coalition to improve the restructuring of bank loans and other non-bonded commercial debt. In particular, they welcomed the London Coalition’s proposed <i>“Implementation Guide to Restructuring Private Sector Sovereign Loans”</i> which provides a practical way to strengthen coordination of creditors for which there is no established coordination mechanism.”</p>
<p>SCDIs</p>	<p><u>From October 2024 GSDR Cochairs Progress Report:</u></p> <p>“GSDR Participants agreed that SCDIs can help bridge the gap between borrower and creditors in certain restructuring negotiations where uncertainty is high, but they should not be the norm in debt restructurings. In general, agreeing on a fully defined debt treatment early on brings certainty to the creditors and investors and is more efficient than a contingent restructuring. There may be cases, however, when uncertainty around the economic outlook and future capacity to repay of the country is so high that it is difficult for the debtor and its creditors to find a common ground in a timely manner, while delaying the negotiations until uncertainty dissipates is costly for all. In such circumstances, SCDIs can help bridge debtor-creditor differences. This is particularly the case when major assumptions on the future of the economic prospects of the debtor country impact significantly the restructuring envelope (e.g. assumptions on new sources of revenues such as new oil fields, significant evolution of the debt carrying capacity etc.).</p> <p>When used, SCDIs should have well-defined verifiable triggers and be consistent with debt sustainability assessments and IMF program parameters in all scenarios. Depending on the case, there may also be merits to introduce payout caps and/or mechanisms to ensure that payments can be adjusted both up and down depending on how conditions evolve. If SCDIs are used to facilitate debt restructuring negotiations, their design should involve the following: (i) a careful selection of verifiable triggers that best reflect increased repayment capacity by the borrower country, (ii) ensuring that the payments associated with the use of the SCDIs do not compromise the borrower’s debt sustainability prospects (for instance by setting payout caps), and (iii) the use of market friendly design to the extent feasible, such as one-time tests and shorter-maturity instruments to limit uncertainty, subject to debt sustainability risks being adequately managed.</p> <p>SCDIs also pose CoT challenges which need to be taken into account for the restructuring timeline. Assessing CoT is further complicated by the presence of SCDIs,</p>

	<p>given the inherently higher uncertainty over cash flows, and lack of agreement at this stage on whether CoT should be assessed on an ex ante (are official and private creditor SCDIs comparable?) or ex post basis (through revision or clawback clauses in official creditor agreements). That problem is exacerbated when private and official creditors have different SCDIs (or when only one creditor group has SCDIs), possibly requiring additional iterations across creditor groups. These factors should be taken into account when considering the use of SCDIs as they may impact the timeline of the restructuring. Early engagement across creditor groups can facilitate the common understanding on the trade-offs and best path forward. GSDR members supported bringing further clarity on the treatment of SCDIs in CoT assessments through a specific workshop.”</p> <p><u>From April 2025 GSDR Cochairs Progress Report:</u></p> <p>“If SCDIs are used, CoT implementation should also include clarity on whether official bilateral creditors will re-open agreements in the event that SCDIs are triggered (including because the assessment that sustainability is restored must take into account any such payments).”</p> <p>“CoT can be assessed on an ex-ante basis when there is sufficient clarity on triggers, two-side contingent adjustments, and appropriate caps on the payoff. In the absence of such conditions, CoT could involve the use of ex-post clawback clauses. On balance, the series of GSDR meetings since October 2024 underlined a growing consensus that, when SCDIs are used, they should include clear triggers as well as caps on the payoff, to facilitate an ex-ante assessment of CoT which is preferable to an ex-post activation of clawback clauses.”</p>
<p>Collateralized financing from private creditors</p>	<p><u>From October 2024 GSDR Cochairs Progress Report:</u></p> <p>“The benefits and risks of collateralized borrowing depend on the specific terms of the financing. Collateralized financing of projects where future revenue streams are directly linked to debt repayment under adequate disclosures that mitigate the risk of mispricing for both unsecured and secured creditors has the highest potential for benefiting the borrower and protecting the longer-term development relationship with creditors. Conversely, collateralized financing can cause more harm than good when one or more of the following criteria are met: (i) it does not improve borrowing terms; (ii) it weakens debt sustainability; (iii) it is inadequately disclosed; or/and (iv) it does not respect negative pledge clauses.</p> <p>Collateralized lending, in particular from private creditors, poses important challenges in restructuring cases. Collateralization may provide a creditor with de facto seniority on its claim. On the official sector side, coordination mechanisms such as the Paris Club or the Common Framework, or informal coordination where formal processes are not in place, anchor the negotiation primarily around the objective of achieving fair burden sharing even if some official claims are secured with collateral. The political will to find a solution, or the absence thereof, is a more determining factor than the presence or absence of collateral. The situation is different on the private sector side, where the presence of private collateral can lead to an impasse. Official bilateral creditors may not stand ready to provide more debt relief to compensate a lower contribution of private creditors with collateralized claims than what would be consistent with the principle of comparability of treatment. In such situations, the IMF may not be in a position to provide financial support given the lack of prospects of a successful debt restructuring to restore debt sustainability. In some cases, the specific</p>

	<p>features of certain resource-backed loan contracts can also make the use of the IMF’s Lending into Arrears Policy (LIA) impossible because, in practice, the debtor country cannot run arrears to its creditor.</p> <p>There was broad consensus among GSDR participants on the importance of increasing awareness on the benefits and risks of collateralized financing practices. The IMF and World Bank underlined the findings and policy considerations included in their 2020 note on “Collateralized Transactions: Key Considerations for Public Lenders and Borrowers” and 2023 note on “Collateralized Transactions: Recent Developments and Policy Considerations“, which can help countries assess these benefits and risks, and adopt mitigating measures where needed, including on transparency and disclosure. There was also general support on the importance to help debtor countries address these issues through trainings and technical assistance missions.”</p> <p><u>From April 2026 GSDR Cochairs Progress Report:</u></p> <p>“GSDR discussions noted the role collateralized lending can play, while emphasizing the importance to use it transparently and appropriately. Recent cases of opaque and complex arrangements involving financial collateral involve significant risks. It is difficult to assess the scale of financial collateralization since data is often not published, which undermines sound lending and borrowing decisions. Similarly, the use of financial collateral raises important questions regarding its treatment in the event of a restructuring.”</p>
<p>Debt transparency, debt management and debtor-investor relations</p>	<p><u>From April 2025 GSDR Cochairs Progress Report:</u></p> <p>GSDR participants underlined that:</p> <ul style="list-style-type: none"> • Debt transparency is crucial to the global debt architecture. Recent efforts by various stakeholders have enhanced legal frameworks, debt recording, data quality, standards, IT systems, debt reporting, and investor relations. These improvements foster informed decision-making, strengthen accountability and lower borrowing costs. Debt data recording and dissemination has improved over time, and additional efforts in ongoing debt data reconciliation could bring further gains. However, further progress is needed to improve the timeliness and quality of data reporting and publication. In particular, undisclosed collateralized debt poses particular challenges. GSDR participants generally agreed that debt transparency is primarily the responsibility of borrowing countries' authorities, but creditors also have a role to play, including by reconciling their claims with the borrower’s. The reconciliation of loan by loan data reported by debtors countries to the World Bank’s Debtor Reporting System (DRS) with 17 Paris Club creditors showed promising results. Given the urgency of debt transparency and accurate debt information, consideration should be given to the development of a digital platform to facilitate the automatic reconciliation of debt transactions between borrowers and official creditors, and generate real-time data. • Bolstering debt management processes and debt management offices is vital. Experience shows that, in many countries, certain borrowing can be done

without clear and centralized processes that are necessary to monitor debt accumulation and ensure consistency with sound debt strategies. Therefore, domestic legal and procedural debt frameworks, and debt management offices, must be strengthened. The international community can help through technical assistance and capacity building.

- Investor confidence is key in maintaining or rebuilding financial flows. Transparency is essential to build that confidence. Strong investor relations serve as a “pull” factor for capital flows. Proactive engagement, such as regular investor briefings, transparent debt disclosure, and clear communication on future borrowing plans, helps sustain trust.

From October 2025 GSDR Cochairs Progress Report:

“GSDR participants agreed on the importance of accurate debt data, which includes securing that the data in the debtor’s books match those held by each creditor. They reiterated that debt transparency is primarily the responsibility of borrowing countries’ authorities, but creditors also have a role to play, including in reconciling creditor and borrower data. They agreed that, while loan-by-loan reconciliation can deliver important gains, gaps persist. Improvements in the timeliness and quality of data reporting and publication are therefore warranted. Undisclosed collateralized debt obligations, in particular, raise important risks for both the debtor and its creditors. There was broad support for, but not yet full consensus on, the World Bank’s proposal to extend its debtor/creditor data reconciliation initiative to all G20 creditors. Automated debt data reconciliation would both alleviate the administrative burden for debtor countries and ensure availability of more recent data than currently available, for instance through the World Bank’s Debtor Reporting System (DRS). Many participants expressed strong interest in the World Bank’s proposal for a digital platform, building on the pilot launched with Indonesia.

Participants also agreed that strengthening debt management frameworks and offices and building further on debtor/investor relations to foster confidence and incentivize new inflows from private creditors, remains crucial. Strengthening domestic legal and operational frameworks remains essential. Multilateral and bilateral partners should continue to support this effort through appropriate technical assistance and capacity building, including through the Debt Management Facility, implemented jointly by the World Bank and the IMF.”

From April 2026 GSDR Cochairs Progress Report:

“There is broad support to the World Bank’s ongoing creditor-debtor debt data reconciliation exercise, and for a GSDR recommendation for all G20 creditors to participate in it.”

“Sovereign Investor Relations (SIR) is a critical debt management function to ensure timely, consistent, and credible information sharing to market participants and stakeholders. SIR is not an alternative to sound and credible macroeconomic policies and cannot replace adjustments or restructuring when these are needed. But SIR can support financing strategies by informing clearly and in a timely manner creditors, investors, and credit rating agencies, thus reducing information asymmetries and

	<p>strengthening confidence. SIR is particularly important in periods of heightened uncertainty and potential stress in international financial conditions, as well as country-specific debt vulnerabilities, including following a debt restructuring.”</p>
<p>Debt Service Suspension and Treatment of Arrears</p>	<p><u>From October 2023 GSDR Cochairs Progress Report:</u></p> <p>“On the issue of whether and how debt service could be suspended during the negotiation, in particular for Common Framework cases, some would support an automatic debt service suspension (DSS) on official bilateral claims from the point when an SLA has been reached for an IMF-supported program, which would provide debtors with liquidity relief at a time of major stress and incentivize creditors to expedite the process. Others expressed preference for creditors and creditor committees to provide DSS at the country’s request (upon reaching an SLA), without automaticity. Some consideration may be also given to granting debtor countries a time-limited debt suspension.</p> <p>The proposal to provide a waiver on penalties on arrears accumulated during the negotiation, as opposed to arrears accumulated before, gained growing support. Generally, arrears accrue at contractual rates (with a potential penalty). However, the treatment of arrears accumulated during the debt restructuring negotiation phase has varied. Many participants showed openness to provide a waiver on arrears penalties accumulated during the negotiation, subject to internal procedures and domestic approval where needed.”</p> <p><u>From April 2025 GSDR Cochairs Progress Report:</u></p> <p>“Building on recent experiences, in particular with Ethiopia, GSDR participants clarified that, if the debtor country undertaking a debt restructuring is not in arrears to its official bilateral creditors, it can always present a request for a debt service suspension to its official bilateral creditors, with the decision subject to creditors’ approval and assessed on a case-by-case basis. Work should continue on how to treat Past-Due Interest (PDI), which tend to be higher for private creditors than for official bilateral creditors, thus potentially affecting the CoT assessments depending on its calculation date.”</p>
<p>Support Provided by MDBs</p>	<p><u>From October 2023 GSDR Cochairs Progress Report:</u></p> <p>“GSDR Principals reached in April 2023 a common understanding on the role of MDBs to support countries undertaking a debt restructuring through the provision of net positive flows of concessional finance and grants. Subsequent meetings helped explain how the International Development Association’s (IDA), for example, provides not only net positive flows, but also ex-ante implicit debt relief through increased concessionality and grants to countries facing higher risks of debt distress. Members underlined the importance of MDBs’ financial support.”</p>