Global Sovereign Debt Roundtable

4th Cochairs Progress Report

April 23, 2025

Executive Summary

Debt-related risks have increased. Public debt levels in low-income countries (LICs) and emerging markets (EMs) were already high before the COVID-19 pandemic and have increased further due to the pandemic. While, on average, debt levels in LICs and EMs have stabilized since, and are expected to remain stable or decline slightly over the medium term for both LICs and EMs, they remain higher than pre-COVID, with a few countries particularly vulnerable. In addition, many countries, particularly among LICs, face elevated debt service challenges. While their debt is sustainable, high interest costs or/and refinancing needs crowd out the space available for development spending such as education, health, and infrastructure investment. Recent developments, including elevated policy uncertainty and tighter financial conditions, especially for frontier markets, have increased debt-related risks.

This context calls for progressing on several fronts:

- ***Improving further the restructuring processes***, including the Common Framework, to ensure that countries with unsustainable debt have access to timely and sufficiently deep debt treatments.
- ***Accelerating efforts to help countries whose debt is sustainable but are faced with elevated debt service challenges.*** The "3-pillar approach" proposed by the IMF and World Bank provides the conceptual framework for these efforts.
- ***Building resilience and preventing future unsustainable build-up of debt.*** This requires advancing robust progress on debt transparency, debt management, and debtor/investor relations.

The Global Sovereign Debt Roundtable (GSDR) is contributing to this work. Since the GSDR last met at Principals level in October 2024, ongoing restructuring cases have reached further important milestones, both under the Common Framework (CF) and outside. Additional progress has been reached on advancing the common understanding on debt vulnerabilities and on ways to improve restructuring processes.

As part of this effort, the GSDR cochairs have published today the attached "*Restructuring Playbook*" to support country authorities considering a debt restructuring. The Playbook aims to provide country authorities with a user-friendly document presenting a summary of the key steps, concepts and processes observed in recent sovereign debt restructuring undertaken in the context of an IMF-supported program, in particular those restructurings undertaken under the Common Framework. It provides a general overview while recognizing that each case may have its own specificities and complexities. The Playbook is a non-binding document, which is not aimed to constrain how debtor countries and creditors would handle a specific case, under or outside the Common Framework, and is published as a GSDR Cochairs document. It draws on the "**GSDR Compendium of Common Understanding on Technical Issues**", which compiles the successive GSDR Cochairs Progress Reports and remains the key tool for practitioners looking for granular details.

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.

Further progress has also been made on several aspects of the debt restructuring processes. This includes additional "good practices" to support early and regular flows of information across stakeholders, as well as clarification 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. There was also a growing consensus that, 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 . It was also noted that, while tangible progress has been made on recent debt restructuring cases, there is a need for timely finalization of bilateral agreements.

Discussions with credit rating agencies have also helped clarify the key bottlenecks that can delay a post-restructuring credit rating upgrade. These exchanges highlighted in particular the difficulties associated with the restructuring of non-bonded commercial debt, for which there is currently no coordination mechanism, contrary to official bilateral creditors (with the Common Framework in particular) and bondholders (through collective action clauses).

The work has also progressed on ways to support countries whose debt is sustainable but are faced with elevated debt service challenges, as well as to strengthen debt transparency, debt management and debtor/investor relations. This includes greater clarity on the circumstances and conditions for market-friendly liability management operations, such as debt swaps and debt buy-back, facilitated in some cases by the use of public credit-enhancement instruments. This also includes work on concrete ways to strengthen debt transparency, debt management and debtor/investor relations, which is seen by all GSDR participants as crucial for the global debt architecture and to bolster investor confidence and maintain or increase financial flows.

Going forward, and in light of current debt vulnerabilities, GSDR Principals supported advancing the work on three fronts: further improving debt restructuring processes, including the identification of remaining bottlenecks, and targeted work in particular on non-bonded commercial debt; supporting the implementation of ongoing efforts to help countries whose debt is sustainable but are faced with elevated debt service challenges; and further efforts to promote debt transparency, debt management and debtor/investor relations.

Section 1: Update of developments since October 2024

Ongoing debt restructuring cases have further advanced:

Ongoing restructurings have continued to progress since October 2024, both under the Common Framework (CF), with the cases of Zambia Ghana and Ethiopia, and outside, with the cases of Sri Lanka and Suriname[1]. In particular:

- Zambia completed the 4th review of its Fund-supported program in December. It had completed its bond exchange in June 2024, and has reached agreements in principle with most of its non-bonded commercial creditors. Signature of bilateral agreements implementing the MOU with the official creditors committee is still at an early stage.
- Ghana completed its bond exchange in October 2024, and the 3rd review of its Fund-supported program in December. The negotiations with non-bonded commercial creditors are on-going.
- Ethiopia completed in January the 2nd quarterly review of its Fund-supported program, based on "*sufficient progress*" in the negotiation with its official bilateral creditors, and the application for the first time of the new IMF policy on "credible official creditor process" approved in April 2024. Subsequently, in March, Ethiopia reached an agreement in principle with the official creditor committee (OCC).
- Sri Lanka completed its bond exchange in December 2024, with 98 percent participation, and the 3rd review of its Fund-supported program in February 2025. It has reached agreement in principle with most of its non-bonded commercial creditors.

	Common Framework				Non-Common Framework	
	Chad	**Zambia**	**Ghana**	**Ethiopia**	**Suriname**	**Sri Lanka**
Date of SLA 1/	January 27, 2021	December 3, 2021	December 12, 2022	May 7, 2024	April 29, 2021	September 1, 2022
Paris Club / OCC assurances	June 16, 2021	July 30, 2022	May 12, 2023	July 11, 2024	November 30, 2021	February 7, 2023
Program approval	December 10, 2021	August 31, 2022	May 17, 2023	July 29, 2024	December 22, 2021	March 20, 2023
AIP reached with PC or OCC	November 11, 2022	June 22, 2023	January 12, 2024	March 21, 2025	June 22, 2022	November 29, 2023
1st review 2/ 3/	December 22, 2022	July 13, 2023	January 19, 2024	October 18, 2024	June 14, 2023	December 12, 2023
2nd review 2/	December 22, 2022	December 20, 2023	June 28, 2024	January 17, 2025	December 15, 2023	June 12, 2024
Bond exchange offer closed	N/A	May 28, 2024	October 3, 2024		November 6, 2023	December 13, 2024
Number of months passed between: -						
SLA & program approval	10.5	8.9	5.2	2.1	7.8	6.6
Program approval & 1st Review 3/4/	12.4	10.4	8.0	6.0	17.7	8.8
Program approval & closing of bond exchange	N/A	22.0	16.0	-	24.0	23.0

1/ For Ethiopia, there was no formal announcement of the SLA. The table shows the date when agreement was made between IMF staff and the Ethiopian authorities on policies.
2/ For Chad, the 1st and the 2nd Reviews were combined. For Suriname, the dates are for the 2nd and the 4th EFF reviews respectively since their reviews occured on a quarterly basis.
3/ For Ethiopia, the first two reviews were designed to be quarterly; therefore the relevant comparator is the 2nd review. Note 2nd review was approved in the expectation of an imminent AIP with official creditors.
4/ The protracted timeline for Suriname was not only owed to difficulties in the restructuring process, but other country-specific circumstances.

[1] The case of Malawi, where the debt restructuring involves challenges with specific regional commercial creditors, has not been the focus of the GSDR work so far.

In parallel, policy work at the GSDR or of interest for the GSDR has included:

- **The G20 has continued its work to address debt vulnerabilities**, including meetings at working group, Deputies, and Ministers and Central Bank Governors level, and has deepened its work in particular on ways to improve further the implementation of the Common Framework, building on the October 2024 G20 note on "*Common Framework: Lessons learned and ways forward*". In these meetings, G20 members have reiterated their appreciation of the value of the GSDR and expressed support for continued reporting and information sharing by the Roundtable with the G20. The G20 also discussed ways to help countries whose debt is sustainable but faced with debt service challenges, including the "3-pillar approach" proposed by the IMF and World Bank.

- **The IMF has finalized a Guidance Note on the Fund's financing assurances and sovereign arrears policies and the Fund's role in debt restructurings.** This is the first comprehensive operational guidance on these IMF debt policies, replacing guidance that was so far available through different documents.

- **The IMF and World Bank Executive Boards further advanced the comprehensive review of the Debt Sustainability Framework for Low-Income Countries (LIC-DSF)**, with informal meetings in December to discuss the backward-testing assessment of the performance of the framework and future directions for the review.

- **A GSDR Technical Meeting on restructuring processes and the ongoing review of the LIC DSF was held on February 12.** The meeting discussed the improvements observed in the past two years with regards to sovereign debt restructuring processes, and ways to ensure these improvements are sustained and further enhanced. The meeting also discussed the ongoing review of the LIC DSF, focusing on its predictive power and robustness, and debt coverage.

- **Another GSDR Technical Meeting with the three major Credit Rating Agencies (CRAs) was held on February 14.** The meeting aimed at further improving mutual understanding of the sovereign rating processes, including the period following a debt restructuring, potential credit rating implications of different types of State-Contingent Debt Instruments (SCDIs), credit enhancements (e.g. full or partial guarantees) and Liability Management Operations (LMOs).

- **An Open GSDR Workshop on debt transparency, debt management, and debtor/investor relations was held on March 13**. The workshop gathered GSDR members, G20 members, Paris Club members, and a large representation of private creditors, borrowers, multilateral development banks (MDBs), civil society organizations (CSOs), debt experts and advisory firms to discuss the opportunities to enhance debt transparency and sound debt management.

- **A technical workshop on the use of Value Recovery Instruments (VRIs) and comparability of treatment (CoT) was organized on March 24 by the South African G20 Presidency and the Paris Club**, with wide participation from official bilateral creditors, private creditors, borrowers, debt experts and CSOs, to discuss the advantages and disadvantages of using SCDIs in debt restructurings.

- **GSDR Deputies met on April 9 to review and further advance the technical work and prepare the meeting of GSDR Principals on April 23.**

• Section 2: Building Further Common Understanding on Debt Vulnerabilities and Debt Restructuring Challenges

Debt-related risks have increased. Public debt levels in low-income countries (LICs) and emerging markets (EMs) were already high before the COVID-19 pandemic and have increased further due to the pandemic. While, on average, debt levels in LICs and EMs have stabilized since, and are expected to remain stable or decline slightly over the medium term for both LICs and EMs, they remain higher than pre-COVID, with a few countries particularly vulnerable. In addition, many countries, particularly among LICs, face elevated debt service challenges. While their debt is sustainable, high interest costs or/and refinancing needs crowd out the space available for development spending such as education, health, and infrastructure investment. Recent developments, including elevated policy uncertainty and tighter financial conditions, especially for frontier markets, have increased debt-related risks.

This context calls for progressing on several fronts:

- ***Improving further the restructuring processes***, including the Common Framework, to ensure countries with unsustainable debt have access to timely and sufficiently deep debt relief.
- ***Accelerating efforts to help countries whose debt is sustainable but are faced with elevated debt service challenges.*** The “3-pillar approach” proposed by the IMF and World Bank provides the conceptual framework for these efforts.
- ***Building resilience and prevent future unsustainable build-up of debt.*** This requires advancing robust progress on debt transparency, debt management, and debtor/investor relations.

1. *Further improving restructuring processes*

Significant progress has been achieved on restructuring processes over the past two years. The GSDR has contributed to this progress, helping build consensus on key technical issues that are now compiled in the GSDR Compendium of Common Understanding on Technical Issues. GSDR meetings since October 2024 have enabled further progress on:

- I**nformation sharing, including across creditors and with the restructuring debtor.** 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.

- **Determining and applying comparability of treatment (CoT).** 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. GSDR participants expressed support to providing the debtor with more tools to explain to other creditors what is expected by official bilateral creditors. This could include the publication by OCCs of the key terms of the restructuring once an agreement is reached. Such publication would also help inform future cases on how CoT has been assessed and enforced so far. 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).

- **State-contingent debt instruments (SCDIs).** The February meeting with credit rating agencies (CRAs) and the March workshop on VRIs helped advance further the understanding on VRIs and on SCDIs more broadly. CRAs explained their approach when deciding if an SCDI can be rated, which depends inter alia on the clarity of the conditions/triggers and on whether the principal may or not be reduced. The workshop reiterated the view that VRIs/SCDIs can help bridge differences in certain restructurings, but their use should not be the norm. 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.

- **Predictability and timelines.** 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 *"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"".*

- **Debt service suspension (DSS) during the negotiation and treatment of arrears.** 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.

- **Restructuring of non-bonded commercial debt.** 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.

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.

Based on the important progress made on key aspects of debt restructuring processes, the attached "*Restructuring Playbook*" presents in a user-friendly manner the key elements of a debt workout, with the view to help country authorities considering a debt restructuring. The Playbook presents a summary of the key steps, concepts, and processes observed in recent sovereign debt restructuring undertaken in the context of an IMF-supported program, in particular those restructurings undertaken under the Common Framework. It provides a general overview while recognizing that each case may have its own specificities and complexities. The playbook is a non-binding document, which is not aimed to constrain how debtor countries and creditors would handle a specific case, under or outside the Common Framework, and is published as a GSDR Cochairs document.

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.

2. *Helping countries whose debt is sustainable but faced with debt service challenges*

The IMF and World Bank have proposed a three-pillar approach to help countries whose debt is sustainable but faced with debt service challenges. The three pillars include:

i. Structural reforms to boost growth and job creation, increase the efficiency of spending, and mobilize domestic resources, supported by technical assistance, capacity development, and policy advice.
ii. External financial support from bilateral and multilateral partners, supporting and commensurate to the domestic reform effort.
iii. Reducing debt servicing burdens, including through using, where relevant, risk-sharing instruments to incentivize new or higher inflows from private creditors, as well as liability management operations such as debt-for-development swaps and debt buybacks.

An important part of the implementation of the 3-pillar approach goes beyond the perimeter of the GSDR. Particularly relevant for the GSDR, however, is the discussion on how to incentivize higher inflows from private creditors, and under which conditions can debt swaps and debt buybacks be efficient. The first topic has strong overlap with the domestic reform agenda, including efforts on debt transparency and debtor/investor relations (see following section). Debt swaps and debt buybacks have been amply discussed in 2024 in different fora, including the G20 and the GSDR. One dimension is particularly relevant for the GSDR discussion, namely, how credit rating agencies assess these operations.

The recent GSDR meetings with CRAs helped clarify further how CRAs assess:

- **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.

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.

3. ***Building resilience and prevent future unsustainable build-up of debt.***

The GSDR has deepened its work on ways to enhance debt transparency, debt management, and debtor/investor relations, including in the context of debt restructurings. In particular GSDR participants underlined that:

- **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.

Section 3: Next Steps for GSDR Work

Following the Spring Meetings, work will focus on:

1- **Further improving debt restructuring processes.** This could include:

a. A workshop to take stock of progress achieved in recent years, identify remaining key bottlenecks, and examine the areas where the GSDR could issue or promote "good practices" or clarifying documents;

b. Targeted work on ways to:

- accelerate the restructuring of non-bonded commercial debt, including through exploring how to handle smaller claims to avoid protracted processes and taking stock of the use of non-financial clauses in restructured commercial instruments;
- enhance private creditor coordination in case of a restructuring, including potentially through tools such as majority voting provisions in syndicated loans;
- deepen the work with credit rating agencies and identify ways, including possible good practices, to support an early post-restructuring rating upgrade;
- better understand how the differences between commercial and official bilateral loans are approached in the restructuring framework and by credit rating agencies, including with regards to commercial loans supported by public export-credit agencies (ECA), where practices may differ.

2- **Supporting the implementation of ongoing efforts to help countries whose debt is sustainable but are faced with elevated debt service challenges.** This could include further work at the GSDR on concrete modalities for operations involving credit enhancements or LMOs (the other aspects of the ongoing efforts in this field, such as domestic reforms and support from bilateral and multilateral partners, are being worked out in parallel in other fora).

3- **Building resilience and strengthening transparency.** This could include follow up work on ways to support enhanced debt transparency, debt management, and debtor/investor relations, possibly through workshops involving borrowing countries, or/and preparation of "good practice" notes. In particular, to enhance debt transparency in the context of debt restructurings, the GSDR could examine the examples of the recently restructured bonds in Zambia and Ghana and explore the inclusion of "Transparency clauses" in restructuring agreements. 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.