

Public Disclosure Authorized

# **Global Sovereign Debt Roundtable**

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## **5<sup>th</sup> Cochairs Progress Report**

October 15, 2025

## Executive Summary

**Debt vulnerabilities remain elevated, in particular in low-income countries, requiring continued coordinated efforts.** The overall assessment remains similar to what it was in April. While, on average, debt levels in low-income countries (LICs) and emerging markets (EMs) have stabilized 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 shifts in global policies and cuts in foreign aid add to the challenges, placing additional premium on domestic reforms to enhance growth and foster resilience, mobilize resources, improve transparency and debtor/investor relations. Specific attention to rising domestic debt vulnerabilities is warranted.

**This calls for further progress on:**

1. **Further improving restructuring processes**, including under the Common Framework, to ensure countries with unsustainable debt have access to timely and adequate debt treatments.
2. **Stepping up support for countries with sustainable debt but high debt-service challenges.** The IMF–World Bank “three-pillar approach” provides the conceptual framework for that support.
3. **Building resilience and preventing unsustainable build-up of debt.** This requires accelerating progress on debt transparency, debt management, and debtor/investor relations.

**The Global Sovereign Debt Roundtable (GSDR) continues to deliver its contribution.** Since the GSDR last met at Principals level in April 2025, most ongoing debt restructuring cases have moved toward completion, both under the Common Framework and outside. The GSDR has advanced its work in parallel, focusing on (i) ways to accelerate the restructuring of non-bonded commercial debt and support early post-restructuring credit rating upgrade; (ii) help countries with sustainable debt but high debt service challenges, including through further clarification on when and how liability management operations (LMOs) and credit enhancements can be effective tools; and (iii) concrete actions to strengthen the accuracy and timeliness of debt data.

**On debt restructuring, the GSDR technical work has focused on practical solutions to foster early and continuous information-sharing across stakeholders to accelerate processes.** This includes practical considerations to operationalize enhanced information-sharing at the different stages, including the idea of 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. This would facilitate parallel rather than sequential negotiations when this meets the debtor’s strategy. This would also facilitate the restructuring of non-bonded commercial debt, such as loans contracted with individual private banks, where the absence of coordination mechanism like the Common Framework for official bilateral creditors, and collective action clauses for Eurobonds, entails the risk of multiple and potentially protracted processes. Debtors and non-bonded commercial creditors should be aware of this risk and start engaging early.

**There is also broad support for, but not yet full consensus on, an earlier and more comprehensive publication by official creditor committees (OCCs) of the key terms of the restructuring, including reduction in net present value, once an agreement is reached.** This would significantly facilitate the implementation of comparability of treatment (CoT) across creditors. Similarly, the **publication of timetables, with regular updates, on the status of signature of the bilateral agreements implementing the memorandum of understanding (MOU) reached between the OCC and the debtor,** would help incentivize earlier progress in the implementation phase, and identify potential issues.

**With regards to countries with sustainable debt but high debt service challenges, the GSDR has focused its work on when and how LMOs, including those with credit enhancements, can be effective tools.** Previous discussions had deepened the understanding of how credit rating agencies (CRAs) assess debt swaps and debt buybacks, and the implications for market access. Parallel works have underlined the critical importance of domestic reforms to incentivize higher inflows from private creditors, including stronger transparency and debtor/investor relations. Recent work at the GSDR has underlined the interest and support for the publication of practical “how-to” notes on LMOs, including those with credit enhancements, to help authorities have a better understanding of when and how these instruments can be used effectively, including through concrete examples. This work at the GSDR would complement progress in other fora, including at the G20, on ways bilateral, multilateral, and private partners can support countries with sustainable debt and a strong reform agenda, but faced with high debt service challenges.

**On debt transparency, the GSDR has focused on concrete actions to strengthen the accuracy and timeliness of debt data.** In particular, **there is broad support for, but not yet full consensus on, expanding to all G20 creditors the World Bank’s Debt Data Sharing Exercise,** by which debtor and creditors ensure the data in their respective books are “reconciled”. In addition, many participants expressed strong interest in the World Bank’s proposal for a digital platform to automate loan data reconciliation, building on the pilot launched with Indonesia.

**Looking ahead, GSDR Principals supported advancing work at the GSDR and in other fora on:**

- **Improving further debt restructuring processes,** included targeted work on non-bonded commercial debt, deepened clarification of how claims are classified and handled in a restructuring, and further reflection on how CoT is applied to non-bonded commercial creditors; progress since April 2025 will be reflected in an updated “Restructuring Playbook” to be published in April 2026.
- **Accelerating support to countries with sustainable debt but high debt service challenges.** This could include the publication of “how-to” notes, and further engagement with the G20 to help advance the collective effort to support these countries, as appropriate.
- **Building resilience and strengthening debt transparency.** This could include follow-up work to support enhanced debt transparency, debt management, and debtor/investor relations, as well as follow-up on the status of implementation of projects such as the World Bank’s debtor/creditor debt data sharing exercise and digital real time loan reconciliation system. In addition, renewed attention could be given to the critical issue of collateralized financing practices, including the importance of increasing transparency in that field, and of raising borrowers’ awareness of risks involved in such transactions.

## Section 1: Update of developments since April 2025

### **Most ongoing debt restructuring cases are moving toward completion:**

Ongoing restructurings have continued to progress since April 2025, both under the Common Framework (CF), with the cases of Ethiopia, Ghana, and Zambia, and outside, with the cases of Sri Lanka and Suriname<sup>1</sup>. In particular:

- Ethiopia finalized the memorandum of understanding (MOU) with the Official Creditor Committee (OCC) in July 2025 and completed in parallel the 3rd review of its Fund-supported program. Next steps will include the signature of bilateral agreements consistent with the MOU. Negotiations with bondholders are ongoing.
- Ghana completed over 95% of its debt treatment and continues to advance the negotiation with its residual non-bonded commercial creditors that are yet to be restructured, which remains the last part of its comprehensive debt restructuring. Ghana completed the 4th review of its Fund-supported program in July 2025. As of end-September, four bilateral agreements have been signed and the remaining ones are being negotiated.
- Zambia, as Ghana, is close to full completion of its debt restructuring with 94% of the required debt treatment agreed, with the last step involving a small group of non-bonded commercial creditors. Signature of bilateral agreements is still ongoing. Zambia completed the 5th review of its Fund-supported program in July 2025. As of end-September, four bilateral agreements have been signed and the remaining ones are being negotiated.
- Sri Lanka's debt restructuring is also nearly complete. Sri Lanka completed the 4th review of its Fund-supported program in July 2025. Six agreements have been signed with official bilateral creditors, and the remaining ones are being negotiated. At the same time, good faith negotiations continue with the remaining commercial creditors.
- Suriname has nearly completed its restructuring and is finalizing the discussion with one remaining commercial creditor. It completed bilateral agreements with all official creditors. It completed the final (9th) review of its Fund-supported program in March 2025.

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<sup>1</sup> 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.

	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
SLA on 1st review		6-Apr-23	6-Oct-23			
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
<b>Number of months passed between:</b>						
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
<b>First rating upgrade after debt event 5/</b>						
Moody's	n/a	Caa2 (6/14/2024)	Caa2 (10/11/24)	Caa3 (9/15/2023)	Caa1 (10/22/2024)	Caa1 (12/23/2024)
S&P	B- (10/28/2024)	SD (10/21/2020)	CCC+ (5/9/2025)	SD (12/15/2023)	CCC+ (12/6/2023)	CCC+ (9/19/2025)
Fitch	B- (10/30/2024)	RD (11/18/2020)	B- (6/16/2025)	RD (12/27/2023)	n/a	CCC+ (12/20/2024)
<b>Residual debt to be restructured, as percent of total debt in the restructuring 6/</b>	0%	6%	5%	n/a	1.1%	1.7%

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 occurred 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.  
5/ Red-colored ratings indicate that the country was not upgraded following the debt event (default or announcement of the restructuring), and the rating shown reflects its default status. This information is current as of September 19, 2025. October 2024 marked the first time that both S&P Global Ratings and Fitch Ratings issued a credit rating for Chad.  
6/ These figures are estimates. For Sri Lanka, the figure is computed as a share of total external debt under the restructuring perimeter at end-2023. Residual debt figures only reported for countries that have completed their Eurobond exchange.

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

- The **G20** published two notes on “[Steps of a debt restructuring under the Common Framework](#)” and on “[Following-up on the Lessons Learned from the First Common Framework Cases](#)” in June 2025. It also published the [Fact Sheets of Common Framework country cases](#) (also published on the Paris Club website).
- The **IMF and World Bank Executive Boards** further advanced the comprehensive review of the Debt Sustainability Framework for Low-Income Countries (LIC-DSF), with two informal technical engagements in July and September 2025 to discuss the preliminary findings on potential refinements and further enhancements of the existing methodology.
- The **IMF** published a policy paper on “[The 4th Financing for Development Conference-Contribution of the IMF to the International Financing for Development Agenda](#)” in June 2025, with a substantive discussion of debt vulnerabilities and proposals to address them. The **World Bank’s** paper on WBG’s [Contribution to the International Financing for Development Agenda](#) was published in March 2025.
- **World Bank staff** published the “[Radical Debt Transparency](#)” report in June 2025.
- **IMF and World Bank staffs** have finalized a paper on “Debt Vulnerabilities in Low-Income Countries – Recent Developments and Trends” in October 2025.

- An IMF paper on “[A Stocktaking of the Current International Architecture for Resolving Debt Involving Private Sector Creditors](#)” has been discussed by the IMF Board in October 2025.
- **A GSDR Technical Group meeting was held on June 18** to identify ways to improve restructuring processes for non-bonded commercial debt, and to facilitate and accelerate post-restructuring credit rating upgrades. The meeting also discussed the classification of official bilateral vs. commercial claims, including for commercial loans guaranteed by an export-credit agency.
- **A second GSDR Technical Group meeting was held on September 4** to foster consensus around concrete actions to enhance debt transparency, facilitate liability management operations (LMOs)—including practical modalities under the IMF–World Bank “three pillar approach”—, and further progress on the issues discussed in June.
- **A GSDR Open Workshop was held on September 12** to take stock of progress made on debt restructuring and debt service issues, identify remaining bottlenecks, and suggest priority areas for further work at the GSDR. The workshop gathered all GSDR members as well as G20 members, Paris Club members, and a large representation of private creditors, borrowers, multilateral development banks (MDBs), civil society organizations (CSOs), credit rating agencies (CRAs), advisory firms and debt experts.
- **GSDR Deputies met on September 26** to review and further advance the technical work and prepare the meeting of GSDR Principals on October 15.

## Section 2: Advancing the Technical Work to Address Debt Vulnerabilities and Debt Restructuring Challenges

**Debt vulnerabilities remain elevated, in particular in low-income countries, requiring continued coordinated efforts.** The overall assessment remains similar to what it was in April. 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. Ongoing developments in the global economy, including shift in policies and cuts in foreign aid, add to the challenges, putting additional premium to domestic reforms to enhance growth and foster resilience, mobilize resources, and improve transparency and debtor/investor relations. Specific attention to rising domestic debt vulnerabilities is warranted.

**This calls for further progress on:**

- 1. Further improving restructuring processes**, including under the Common Framework, to ensure countries with unsustainable debt have access to timely and adequate debt treatments.
- 2. Stepping up support for countries with sustainable debt but high debt-service challenges.** The IMF–World Bank “three-pillar approach” provides the conceptual framework for that support.
- 3. Building resilience and preventing unsustainable build-up of debt.** This requires accelerating progress on debt transparency, debt management, and debtor/investor relations.

### **1. Further improving restructuring processes**

**There has been significant progress in restructuring processes over the past 2-3 years.** Restructuring cases have progressed, both under and outside the Common Framework. Lessons have been drawn from the difficulties encountered in the first years of implementation of the CF, with positive spillovers also for non-CF cases. The GSDR has contributed to this progress, alongside work in other fora such as the G20, the Paris Club, and others. Consensus reached at the GSDR on key technical issues is now available in a one-stop [Compendium of Common Understanding on Technical Issues](#) which covers a wide range of topics, from comparability of treatment (CoT) to expected timelines, and from how to approach domestic debt restructuring to state-contingent debt instruments (SCDIs).

**Notwithstanding this progress, difficulties remain.** Predictability and timeliness need to be further strengthened. Several issues, such as how to accelerate the restructuring of non-bonded commercial debt, incentivize parallel rather than sequential negotiations when this meets the debtor’s strategy, and support early post-restructuring credit rating upgrade, require further progress. Complex topics, such as how official bilateral and private creditors approach the restructuring of claims such as commercial collateralized financing, or commercial loans backed by export-credit agencies (ECAs), among others, still deserve more discussion and further clarification. There is also a need to strengthen debt transparency, including on restructuring outcomes.

GSDR technical work since April enabled further progress on:

- Further enhancing information-sharing across stakeholders.** 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.
- **Restructuring of non-bonded commercial debt.** 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. The "London Clubs", put in place in the past to coordinate private banks, are not used any more. The proposed use of "Majority Voting Provisions" (MVPs) does not seem to have taken up so far, and would apply only to syndicated loans. Participants looked forward to further updates on the ongoing reflections that are taking place within the private sector on these issues, including at the Institute of International Finance (IIF) and at the London Coalition. They also 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. Refining the rules on how CoT could apply to residual non-bonded creditors could also help accelerate restructurings, recognizing that different views were expressed on this issue and further work would be warranted (see also below).
  - **Implementation of bilateral agreements following OCC MOUs.** 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.
  - **Post-restructuring credit rating upgrades.** GSDR participants exchanged in June with representatives of the three major CRAs. These representatives 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.

- **Classification of claims.** GSDR participants appreciated the background note from IMF staff on the classification of official bilateral vs commercial claims (see annex). 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. Participants looked forward to deepening the understanding of the different situations involving an export-credit agency, and to further clarification by the official bilateral creditors on the perimeter of lenders they grant the preferred creditor status.
- **Comparability of treatment (CoT).** There is now significant experience in implementing CoT under the CF. However, GSDR discussion underlined the growing support for, but not yet full consensus on (i) earlier and more comprehensive publication of the key terms of the agreement in principle reached by the debtor and the OCC, notably to publish the NPV reduction as soon as the agreement is reached, as this would significantly facilitate CoT implementation vis a vis other creditors; and (ii) refinements on how CoT should be implemented for non-bonded commercial creditors, as implementation at each individual creditor within this group may lead to unnecessary rigidities and burdens, not the least when the residual creditors are marginal. There remain differences of views on both issues at this stage.

**GSDR discussions have confirmed the broad support for, but not yet full consensus on, an earlier and more comprehensive publication by OCCs of the key terms of the restructuring, including NPV reduction, once an agreement is reached.**

**Discussions have also confirmed the usefulness of the "Restructuring Playbook", which should be updated as appropriate to reflect further progress.** To ensure regular updates, while avoiding too many versions in circulation, with limited adjustments in between two successive versions, it was agreed to update the "Playbook" on a 12-month basis.

## **2. Stepping up support for countries with sustainable debt but high debt service challenges**

**GSDR discussions on the 3-pillar approach have focused since April on how to incentivize higher inflows from private creditors, and under which conditions debt swaps and debt buybacks can be effective tools.** The first topic is closely linked to domestic reforms, including stronger transparency and debtor/investor relations (see also following section). The second has been the subject of extensive discussion since 2024, with particular attention to how CRAs assess these operations and the implications for market access.

**GSDR work since April has helped further anchor the importance of domestic reforms to incentivize higher inflows from private creditors, including stronger transparency and debtor/investor relations, and share informal good practices within participants and with broader stakeholders.**

**The work also advanced understanding of the role of liability management operations (LMOs), including those with credit enhancements in addressing debt service pressures:**

- **CRA assessment.** CRAs reconfirmed their criteria to classify debt distressed exchanges (DDEs), which focus on (i) whether investors will receive less with the new instrument than the amount promised under the initial contract; and (ii) whether the exchange was undertaken to avoid a default.
- **LMOs as a tool to ease liquidity constraints.** 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.
- **Credit enhancements and NPV considerations.** 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 appreciated the note from World Bank staff on the recent experience of debt for education swap in Cote d’Ivoire.
- **Communication and standardization.** 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.

**GSDR discussions have confirmed the high interest and support for the publication of “how to notes” on LMOs, including those with the use of credit enhancement, to provide practical steps and clear guidance on the design and implementation of such transactions.**

### **3. Building resilience and preventing unsustainable build-up of debt**

**The GSDR work since April deepened the focus on debt transparency as a key driver for resilience and prevention of unsustainable build-up of debt.** Participants noted some progress in recent years, but also the need to accelerate concrete actions to enhance timeliness, coverage (including collateral), and disclosure of data on public debt.

- **Some progress but important remaining gaps.** Thanks to the efforts by multiple stakeholders, there has been some progress on debt transparency in recent years, including strengthening the legal frameworks, improving debt recording and dissemination, raising data quality and standards, upgrading IT systems, and enhancing reporting practices. However, significant gaps remain, both with regards to the perimeter of countries improving their debt data accuracy and disclosure, and to the extent of data covered by the efforts on debt transparency.
- **Data reconciliation.** 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.
- **Digital loan reconciliation platform.** 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 (see annex).

**While it has not been the focus of the work since April, participants 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.

**GSDR discussions have confirmed the broad support for, but not yet full consensus on, expanding the World Bank's Debt Data Sharing Exercise to all G20 creditors.**

## Section 3: Next Steps for GSDR Work

Looking ahead, GSDR Principals supported advancing work at the GSDR and in other fora on:

1. **Improving further debt restructuring processes.** This could include targeted work on:
  - a. Advancing the identification of ways to accelerate the restructuring of non-bonded commercial debt, building on progress made in recent months, and leveraging on reflections initiated within the private sector.
  - b. Advancing further the reflection on how CoT is applied to non-bonded commercial creditors.
  - c. Deepening the clarification of how official bilateral creditors classify and handle claims in a restructuring, including with regards to debt owed by state-owned enterprises, collateralized debt, private loans backed by an insurer or an export-credit agency, among others. A workshop could be organized on these issues.
  - d. Identifying elements to be added in the April 2026 updated “Restructuring Playbook”, including “good practices” to accelerate the restructuring of non-bonded debt and support timely post-restructuring credit rating upgrade. A glossary of terms commonly used in a restructuring context could also be added.
  
2. **Accelerating support to countries with sustainable debt but high debt service challenges.** This could include further practical guidance, including through the publication of “how-to” notes, as appropriate, to help country authorities considering liability management operations, including using credit enhancement. Further engagement with the G20 could also help advance the collective effort to support countries with sustainable debt but high debt service challenges.
  
3. **Building resilience and strengthening transparency.** This could include follow-up work to support enhanced debt transparency, debt management, and debtor/investor relations, possibly through workshops with borrowing countries and the preparation of “good practices” notes. This could also include follow-up on the status of implementation of projects such as the World Bank’s debtor/creditor debt data sharing exercise and digital real time loan reconciliation system. In addition, renewed attention could be given to the critical issue of collateralized financing practices, including the importance of increasing transparency in that field, and of raising borrowers’ awareness risks involved in this type of transactions.

## Background Note from IMF staff on

### the Classification of Official Bilateral vs Private/Commercial Claims

*The objective of this background note prepared by IMF staff is to ensure the distinction between official bilateral and private/commercial claims, which is important in particular in the context of a debt restructuring, is well understood by all participants. The IMF has a clear framework for making such a determination for the purpose of Fund lending, typically in the situation where there are arrears. Official bilateral creditors, on their side, have their own procedures for classifying creditor claims (e.g., for a Paris Club or Common Framework (CF) treatment) – which most often overlap with the IMF’s classification, but not as a requirement. Close alignment of the Paris Club and CF practice with the Fund’s definition does bring benefits, but an exact one-to-one mapping is not necessary, and the treatment has differed on the margins in the past without any material complications. Finally, the perimeter of a debt restructuring to restore debt sustainability is set by the debtor at the advice of its legal and financial counsel.*

**The IMF and the official bilateral creditor community each have their own procedures for determining official bilateral claims, which overlap.** The IMF makes such a determination when it is needed for the application of its arrears and financing assurances policies. When determining whether arrears owed by or owed to an entity are “sovereign”, the IMF considers whether the entity’s financial operations form part of the government’s budgetary process. Claims on a borrowing entity within a government’s budgetary process, and held by a lending entity within a government’s budgetary process, are considered official bilateral. Claims held by entities outside the government’s budgetary process may still be considered Direct Bilateral Claims if they were extended or contracted or guaranteed by or on behalf of the government. The determination is done by the IMF’s Executive Board on the advice of staff and management taking into account the totality of circumstances. This determination also defers to the creditor’s representations, although these representations can be challenged. The IMF has a third category consisting of international financial institutions (IFIs), defined as having two or more sovereign members and no non-sovereign members. Institutions with mixed (sovereign/private) membership are treated for IMF policy purposes under the same policy as private/commercial creditors. It is important to emphasize that the IMF’s treatment of an IFI under its non-tolerance policy is a reflection, not a cause, of preferred creditor status of an IFI. The IMF considers five criteria for the treatment of an IFI under its non-tolerance policy, and is informed crucially by the views of the creditor community on preferred creditor status when it comes to IFIs without global membership which are not Regional Financing Arrangements.

**The Fund’s classification of claims for its purposes does not determine their treatment in a restructuring.** The arrears policies are internal policies for the Fund’s operations. They are not intended to drive the negotiation process nor to influence the policies of official bilateral or other creditors. In light of these considerations, the classification of claims treated in the Paris Club or under the CF (or any other mechanism) does not always need to align with the Fund’s classification of claims for its own purposes. 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 Official Creditor Committees (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 complications.

**Official and private restructurings follow fundamentally different processes.** The primary objective of official restructurings is to find a solution based on a fair burden sharing among creditors, where particular contractual features play a secondary role. Official creditor coordination mechanisms such as the Paris Club or the Common Framework, or informal coordination where formal processes are not in place, anchor the negotiation in the context of ongoing relationships among creditors and with the debtor. That “repeated game” aspect implies that the will to find a solution is more important than particular contractual features. In contrast, the primary objective (and mandate) of private creditors is to maximize their recovery value, and contractual features play a key role in the eventual outcome. For restructurings to work well, both groups need to understand the constraints under which the other operates.

**Loans guaranteed by export-credit agencies (ECAs) can lead to complex classification analyses, including because some ECAs are considered private/commercial while others are considered official.** Practices also vary across different agencies on how guarantees/indemnifications are delivered. In addition, some ECAs have the capacity to accelerate the commercial banks’ claims at the event of the first default on debt service, following which the negotiation takes place between the ECA and the debtor. In other cases, it seems the commercial bank retains the original exposure and receives payments from the ECA as each debt service payment is missed. Exploring further the different situations encountered in practice goes beyond the purpose of this note but could be explored in follow up meetings or workshops.

## **Background Note from World Bank staff on the Automated Credit/Debtor Loan Data Reconciliation**

*Sovereign loan recording is currently performed manually, which makes it prone to errors and results in inconsistent or outdated data. Reconciliation of borrower and creditor data is also conducted manually, typically on an ad-hoc basis, such as during a debt restructuring. This approach is time-consuming and fails to address the root causes of the misreporting, as it focuses solely on the stock data. A World Bank project piloted in Indonesia aims to develop a methodology to digitize and automatically reconcile public loan data. This solution could serve as a standard platform for continuous loan data reconciliation.*

### ***The problem: Lack of digitalized and real-time exchange of loan-related data reduces debt transparency***

Loan agreements and related transactions are still recorded manually by debtors into their debt management and recording systems. The records are based on the original contracts and subsequent information on payments and disbursements usually shared by creditors by email. Although an increasing number of official creditors – including the WB - are making this information available to their debtors on dedicated and secured websites, the information still needs to be recorded manually into the debtors' systems. Similarly, creditors also need to update their own recording systems whenever a debtor has confirmed a payment of interest and/or principal.

The manual recording of loan information by debtors and creditors into their respective systems results in a duplication of efforts - as each transaction is recorded twice and independently by the debtor and the creditor without cross-validation – thus generating operational risk.<sup>2</sup> As a result of recording errors as well as different debt recording procedures and systems used by the creditors and debtor<sup>3</sup>, costly and time-consuming exercises to reconcile creditor and debtor data are needed for accurate and comprehensive reporting, particularly in the context of a debt restructuring.

### ***The proposed solution: automated credit/debtor loan data reconciliation***

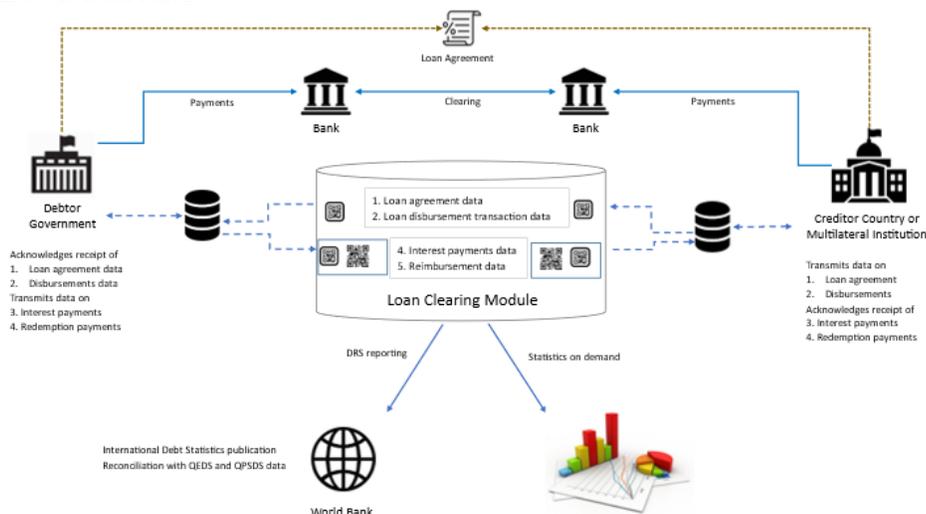
A Loan Reconciliation Platform (LRP) can act as a platform for information sharing between creditors and debtors' debt systems (Figure 1). Creditors and borrowers would connect to the LRP through a dedicated client connection system to transfer or receive digital information related to loan contracts and related transactions. For each new transaction (i.e., new loan signed, payment, disbursement, modification), the originator will create a new data file electronically transmitted to the LRP according to standardized templates. The counterpart would validate the information in the LRP and automatically transfer the data as needed into its own debt recording system. Access to individual loan data will be restricted to the respective borrower and creditor; the LRP will generate only aggregated statistics.

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<sup>2</sup> To illustrate this point, the recording of a loan agreement in the most widely used DMRS in LICs (UNCTAD's DMFAS and COMSEC's Meridian) requires filling out a minimum of 20 mandatory data fields (numerical and alphanumeric).

<sup>3</sup> E.g.: delays in data recording, misinterpretation of loan terms, misaligned computation method, different parameters (FX, SOFR, etc.)

Figure 1: The LRP architecture



The creation of an LRP will bring the following benefits:

- facilitate secure debtor/creditor data exchanges on loan transactions;
- automate data recording in debtor's debt recording systems and reduce operational risk;
- create a repository of validated data on all loan transactions;
- contribute to the compilation and dissemination of real-time statistics;
- serve as a debt data repository for unsophisticated/fragile LICs<sup>4</sup> by leveraging creditors' records
- replace costly and time-consuming manual reconciliations, improving transparency and expediting debt restructurings. The table below shows the key differences with a standard debt reconciliation.

	<i>Standard reconciliation</i>	<i>Loan Reconciliation Platform</i>
<i>What data are reconciled?</i>	Loan Stock	Individual loan transactions (e.g. disbursements, payments)
<i>When?</i>	At cut-off date	On ongoing basis
<i>By who?</i>	External agents (e.g., advisors, Paris Club, WB staffs)	Relevant creditors / borrower
<i>Borrower's DMO role</i>	Manual debt recording + filling of multiple Excel forms	Validation of creditors' inputs
<i>Statistics time lag</i>	>1 year	Real-time

The WB pilot project in Indonesia – funded by the Japanese MOF – is on-going. In its first phase (2025-Q1 2026), it covers Indonesia's largest creditors - World Bank, JICA, Asian Development Bank - to later include a wider group of official creditors. The links allowing the debt office to automatically transfer WB's loan data into a local server – for their validation and automatic upload into the local DMRS - are already active.

<sup>4</sup> Over 20 LICs currently do not disclose any debt data to the public, some of them also do not report regularly to WB's DRS or/and there are major issues such as missing or unidentifiable loan numbers or various inconsistencies with the reported data.