PRINCIPLES
FOR STABLE CAPITAL FLOWS AND FAIR DEBT RESTRUCTURING

2023

IMPLEMENTATION NOTE BY THE PRINCIPLES CONSULTATIVE GROUP

OCTOBER 2023

TRANSPARENCY COOPERATION GOOD FAITH FAIR TREATMENT

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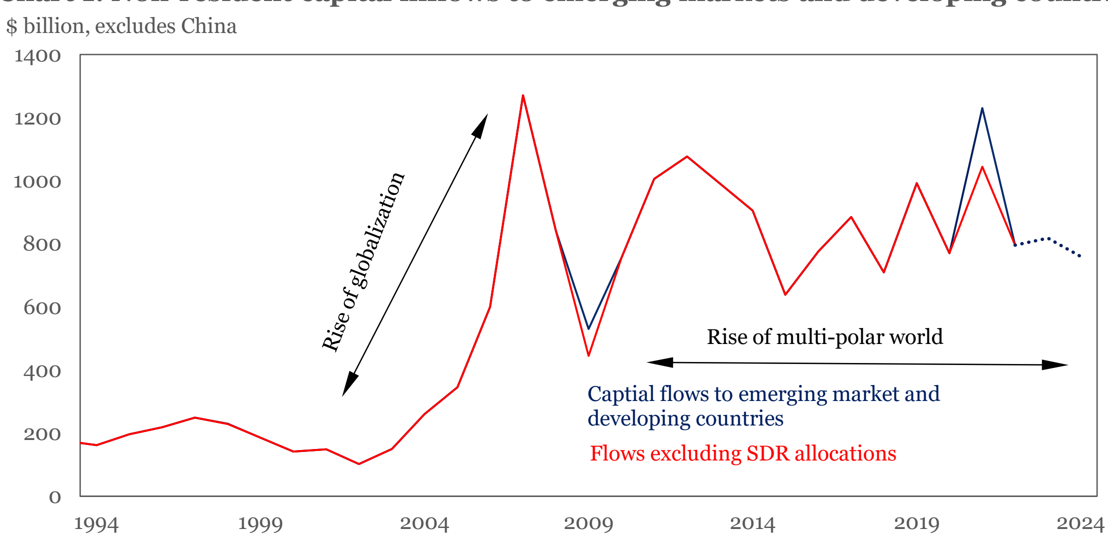
I. Overview

Despite higher borrowing costs, heightened geopolitical tensions, and volatility in commodity prices, the global economy has proved to be more resilient than expected this year. Although there has been a significant slowdown from the post-COVID rebound levels in 2021/22, global growth is projected to reach 3.0% for 2023/24, well below the historical (2000-19) average of 3.8%. However, economic performance remains quite uneven across regions and countries, reflecting diverging inflation and interest rate trajectories. While most emerging markets and developing countries (EMDCs) continue to grow below trend, growth in EMDCs is expected to remain broadly stable at around 4.0% this year. This resilience is also evident in non-resident capital flows to EMDCs (ex-China), which are projected to increase slightly from some $795 billion in 2022 to near $820 billion in 2023 (Chart 1). This uptick in EMDC flows mainly reflects the recovery in portfolio debt flows. Following a significant contraction in external borrowing by emerging markets over the past two years as financial conditions tightened, the first eight months of 2023 have shown tentative signs of resurgence in international investor appetite for emerging market sovereign bonds. Despite this encouraging improvement in market access (primarily for larger emerging markets) overall issuance volumes remain below pre-pandemic trends, and the ability of low and lower-middle income countries to secure international private market funding has been very limited in 2023 to date, partly due to poor debt management practices in some of these countries. In fact, Mongolia and Uzbekistan were the only countries eligible for the Common Framework that successfully accessed international debt markets this year.

Chart 1: Non-resident capital inflows to emerging markets and developing countries

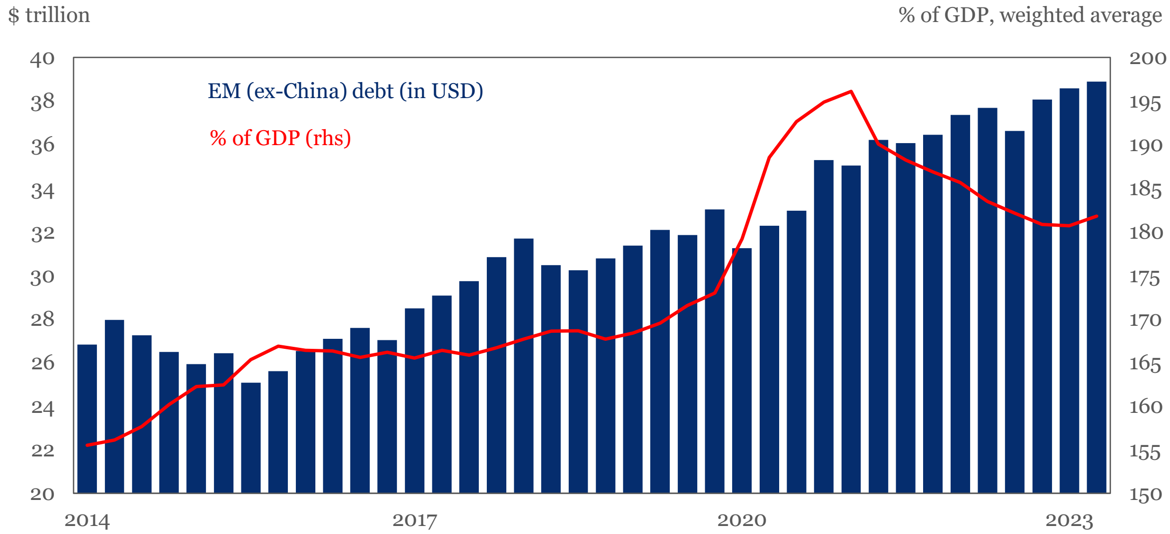


Source: IIF Global Debt Monitor

While tighter lending standards have significantly curtailed bank credit creation in emerging markets this year, the total debt stock in EMDCs (ex-China) increased by over $830 billion in the first half of 2023 (Chart 2). It now stands at a new all-time high of $39 trillion, which is a staggering $14 trillion more than it was a decade ago.

With inflationary pressures moderating (though not expected to return to target levels near term), total debt-to-GDP ratio in EMDCs (ex-China) has resumed its upward trajectory in the first two quarters of this year and now hovers at over 180%—nearly 10 percentage points above pre-pandemic levels.

Chart 2: Total emerging market debt is fast approaching $40 trillion



Source: IIF Global Debt Monitor

Rising debt risk, growing incidence of debt restructuring

Sovereign debt vulnerabilities in emerging markets and developing economies were already high before the pandemic and have been further exacerbated by rising global interest rates. Indeed, the total value of defaulted sovereign debt currently stands at a record high of over $550 billion, accounting for 0.6% of global public debt . This marks a sharp increase—up over 65%—from $330 billion in 2019. More than half of this defaulted sovereign debt is owed to bondholders (up from 30% in 2019), while bank loans and other private creditor loans constitute just 3% and 6% respectively. (Excluding the special cases of Venezuela, Belarus, and Russia, defaulted debt owed to bondholders makes up 46% of the total). Official bilateral creditor loans in default make up over 40% of the total, with China's official bilateral loans representing 6%.

Debt strains remain particularly pronounced in low and lower-middle income countries. Out of the 73 countries that are eligible for the G20 Common Framework for Debt Treatment, 39 countries are either in or at high risk of debt distress. Four of these countries have sought debt treatment under the Common Framework. Zambia and Chad have already reached an agreement with their official creditors earlier this year (See Box 1). However, discussions with Ghana and Ethiopia are still underway. Notably, some countries that are eligible for the Common Framework have opted to address debt stress via bilateral negotiations (Somalia, Malawi, Djibouti, and Laos). Among middle-income counties, unresolved default cases include those of Sri Lanka, Suriname, Lebanon, Russia, Belarus, and Venezuela (Table 1).

Overcoming "Original Sin"

Heavy reliance on foreign currency borrowing continues to pose significant challenges for some sovereign borrowers. Traditionally, borrowing in U.S. dollars and other hard currencies has been an attractive funding source for international borrowers; in the low interest rate environment of the past 10-15 years, abundant US dollar liquidity and low volatility in FX markets incentivized many sovereigns to take on the risk of currency mismatch, with borrowers taking the FX exposure and servicing their debt with local currency income or tax revenues. This strong appetite for FX borrowing has resulted in a sharp buildup in USD debt outside the U.S. economy. According to the latest BIS figures, more than $5.1 trillion of foreign currency debt in emerging markets (excluding banks) is currently denominated in USD—nearly triple the pre-crisis level of $1.7 trillion in 2007. Given the tightening of global funding conditions in recent years, the rise in FX indebtedness could become a systemic risk unless managed properly.

Addressing this foreign exchange risk would support debt sustainability. With a significant portion of FX debt in emerging markets and developing countries (EMDC) largely unhedged, the strength of the U.S. dollar since the onset of the pandemic has resulted in substantial financial pain for many EMDC borrowers. While the number of sovereign defaults to date has been limited, this dollar strength has meant that a much greater proportion of sovereign budgets needs to be allocated to debt service. Heightened rollover risk since the onset of the pandemic has also forced a record number of sovereign issuers to seek IMF support to better cope with a rising external debt burden, due to sharp losses in local currencies against the USD.

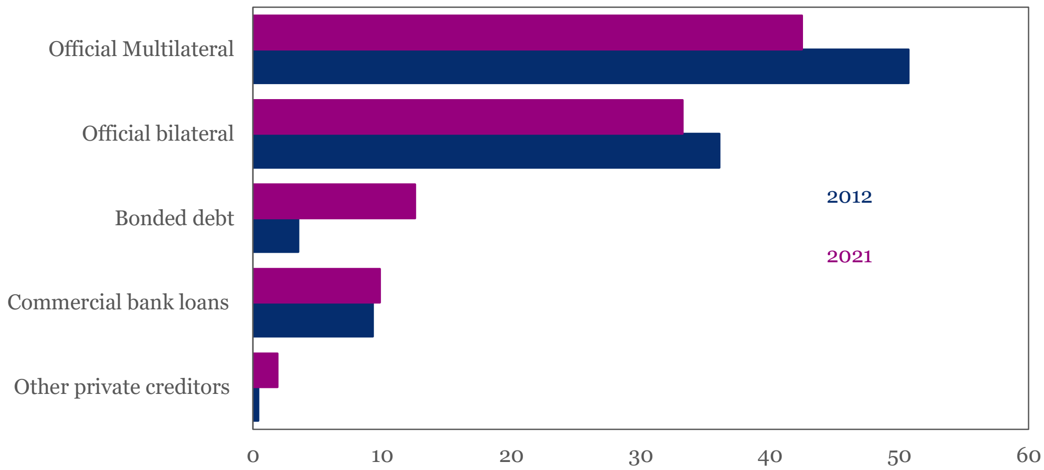
However, debt restructuring, an IMF bailout—also in foreign currency (SDRs)—followed by additional foreign currency loans by official bilateral and multilateral creditors, is often not a permanent solution leading to long-term debt sustainability. First, debt workouts are costly and reaching an agreement is often time-consuming. Second, countries typically remain excluded from international markets for several years following debt restructuring episodes. Limited market access can significantly reduce the ability of debtor countries to mobilize international capital, including for sustainable development and climate goals. FX hedging can help sovereign debtors to avoid costly debt restructurings.

Private creditors are an increasingly important source of external funding for some emerging market economies. However, over 75% of the external funding of low and lower-middle income countries still originates from official creditors (Chart 3). Although much of the total official lending to these countries is on concessional terms, most of it is in USD. Given that many of these low-income countries have limited or no capacity to cover the cost of hedging their FX liabilities, enhancing the capacity of the multilateral and bilateral development finance institutions (DFIs) to lend to sovereign borrowers in local currency would be very helpful. This is already happening with private sector borrowers from large emerging markets, with a number of DFIs providing loans in local currency. This practice does not require DFIs to take open FX risk as they typically hedge the FX exposure by either issuing bonds in local currency markets or entering into swaps with funds that provide currency hedging. Broadening DFIs' current lending practices in local currency to sovereign borrowers could be a real game changer, supporting global efforts to enhance the global debt architecture.

Greater DFI involvement in local currency lending would also improve debt transparency practices in local debt markets which in turn could boost the appetite of international creditors for EM securities. The resulting deepening of local currency markets would also support initiatives to scale up transition finance and blended finance worldwide.

Chart 3: Over 75% of external debt of low-income countries originates from official creditors

% of public external debt, Common Framework-eligible countries



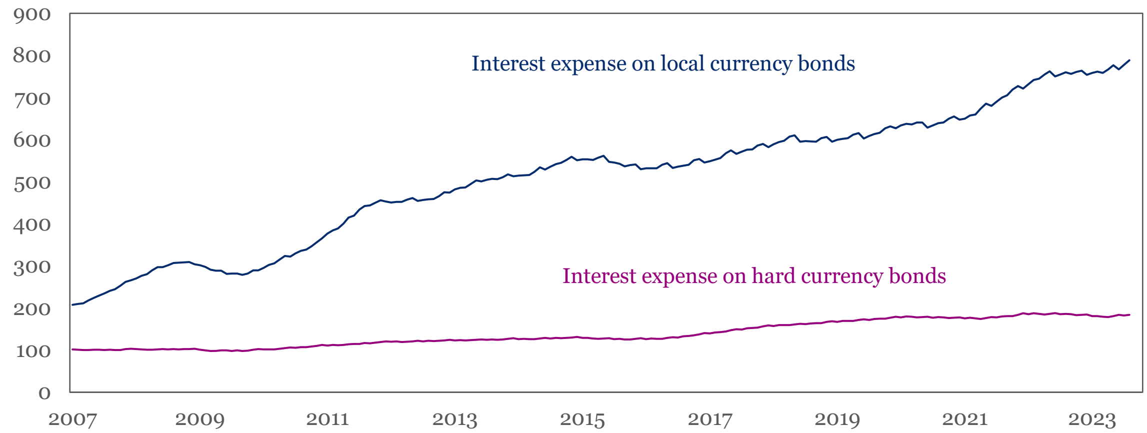
Source: IDS, IIF

Addressing Domestic Debt Vulnerabilities

For much of the past decade, the development of local currency bond markets has allowed sovereigns to diversify their investor base. The share of foreign investors in local currency government bond markets averaged around 23% in the 2010s, up from 10% in the 2000s. Most importantly, domestic bond markets have enabled many debtor countries to mitigate the adverse impact of exchange rate valuations on debt service costs. However, this benefit has come with the trade-off of a sharp increase in interest expense on domestic debt—and growing risks associated with the sovereign-bank nexus. Since 2010, EM governments (ex-China) have seen their interest expense on local currency debt increase over 250%, compared to a 180% increase in interest expense on hard currency debt. Currently, interest expense on local currency debt accounts for over 80% of EM governments' total interest expenditure, up from 70% in 2007 (Chart 4).

Chart 4: Over 80% of government interest expenses are linked to local currency bonds - up from 70% in 2007

$ billion, interest payments, 12-month moving sum, ex-China



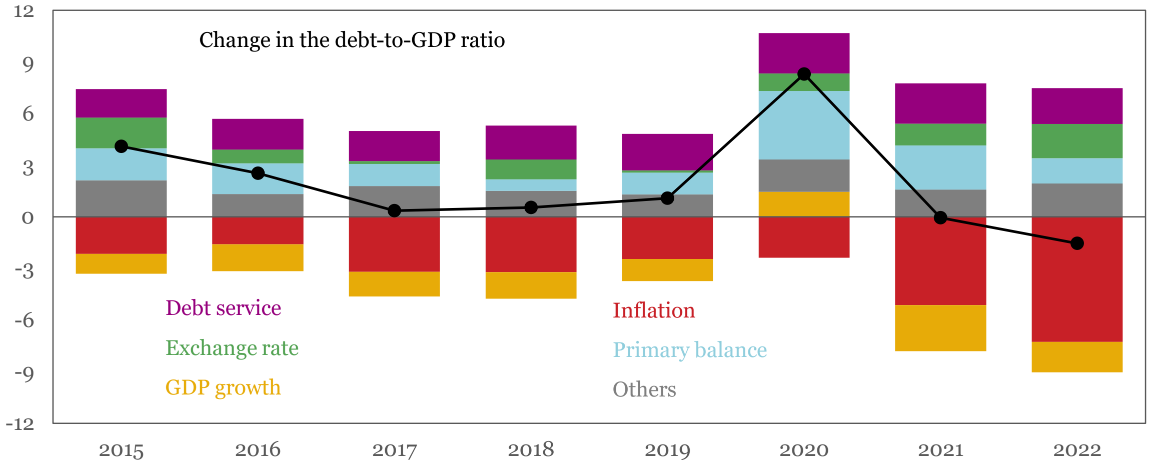
Source: Bloomberg, IIF; IIF estimates based on internationally tradeable government bonds

Moreover, growth in foreign ownership has not kept pace with the growth of local currency bond markets in recent years. Factors such as higher inflation, a narrowing interest rate differential between emerging and mature markets, and increased FX volatility have significantly reduced the appeal of EM local currency debt for international investors. Concerns over debt transparency—and the limited ability of many EM borrowers to address heightened domestic debt strains—have also curbed international demand. This decline in international appetite has been evident across emerging and developing economies. Many low and lower-middle income countries today struggle to attract foreign capital to local currency bond markets. Among the larger EMs, countries like Indonesia, Mexico, South Africa, and Türkiye have experienced a pronounced dip in foreign investor interest since the onset of the pandemic. During this period, newly issued local currency bonds have been bought primarily by local investors—for the most part, public financial institutions and domestic central banks that have accepted lower returns than they might typically seek.

The expansion of domestic debt markets to date has coincided with only a modest rise in local currency sovereign defaults. Since 2010, there have been 28 sovereign bond defaults, 10 of these local-currency (7 of these were combined local and foreign currency defaults)—up from 7 defaults between 1990 and 2000. While this does reflect a small uptick in local currency defaults, concerns about the negative implications of comprehensive debt workouts on domestic financial systems have played a significant role in discouraging policymakers from pursuing domestic debt restructuring. Against this backdrop, higher inflation appears to have once again (as it did prior to the mid-1990s) become part of government strategies to ease domestic debt burdens in some countries (Chart 5).

Chart 5: Some EM governments continue to systematically inflate away their domestic liabilities

percentage point, change in EM government debt-to-GDP



Source: FDL, IIF

Recent debt workouts (see Box 1) have highlighted that the current international financial architecture is not adequately equipped to tackle unsustainable domestic debt. Current tools at the IMF's disposal are primarily designed to assist countries with balance of payments problems. Yet, the unparalleled growth in sovereigns' domestic debt relative to external debt underscores the pressing need for a holistic debt restructuring framework that includes careful consideration of the potential costs and benefits of including domestic debt. This framework should reference and incorporate market-based approaches for fair burden-sharing and equitable treatment of both external and domestic debt holders. This would require developing guidelines to synchronize combined external and domestic debt workouts. Technical assistance on debt management, including debt analysis, debt reporting, debt transparency, borrowing plans, and investor relations—combined with support for issues related to domestic debt workouts, such as financial stability and central bank operations—can play a crucial role in helping countries efficiently manage complex restructurings involving both external and domestic debt treatment. Establishing a robust domestic debt crisis prevention and resolution framework—one that promotes debtor-creditor dialogue and enhances debt transparency on the part of borrowing countries (as well as for both official and private creditors)—would also bolster efforts to mobilize international private capital for emerging markets for development finance and climate action.

The Global Sovereign Debt Roundtable

The IMF, World Bank, and the G20, presided over by India, launched the Global Sovereign Debt Roundtable in late December 2022. Given the ongoing risk of prolonged debt negotiations with official creditors—which causes some debtor countries to be unwilling to address debt issues before they escalate further—this Roundtable aims to facilitate conversations among key stakeholders on critical shortcomings to expedite effective and prompt debt workouts. The GSDR includes official sector creditors and debtors, including sovereigns, multilaterals, and private sector creditors. One of the novel aspects of the GSDR is its diverse body of members, which includes non-traditional official creditors (non-Paris-Club creditors) as well as debtor countries. The IIF has been asked to participate in this endeavor to help represent private sector perspectives, informed by the views of its members and discussions of the IIF Committee of Sovereign Risk Management (CSRM) and Principles Consultative Group (PCG). The IIF meeting with the Paris Club on September 27 was primarily devoted to the work of the GSDR.

The GSDR has conducted ten meetings to date (three at the Principals level; four at the Deputies level; one technical group meeting and two workshops). A wide range of closely related issues was discussed at each meeting, with efforts to build consensus among participants. Comparability of Treatment (CoT) and Domestic Debt Restructuring (DDR) have proved to be some of the more controversial topics, leading to two technical workshops dedicated to these topics. GSDR discussions have centered around ten key issues:

1) **Comparability of Treatment (CoT):** Assessing CoT between official and private creditors remains a divisive issue, as simple Net Present Value calculations based on a common discount rate underestimate private creditors' contributions to debt workouts. Private creditors strongly believe that in developing guidelines for CoT, clear reference should be made to the existing Principles for Stable Capital Flows and Fair Debt Restructuring, negotiated by a collaborative working group comprised of both official and private creditors as well as borrowing countries.

2) **Information sharing**: The flow of information from the IMF and World Bank remains limited during debt workouts. The IMF and World Bank have published guidance e to staff on information sharing in the context of sovereign debt restructuring. While these notes are largely welcomed by debtors and creditors, these notes highlight the judgmental nature of information shared by the IMF and World Bank. Given the growing share of outstanding defaulted sovereign debt held by private creditors—notably bondholders—early and simultaneous engagement by debtor countries with the full spectrum of creditors (as opposed to sequential information-sharing to official creditors first), becomes increasingly important to expedite effective and prompt debt workout solutions.

3) **Role of the MDBs in debt restructurings:** A broad consensus has been achieved, acknowledging that debt owed to MDBs should continue to be excluded from debt workouts given their critical role in providing positive net flows during debt workouts. As highlighted in the 2022 revision of the Principles for Stable Capital Flows and Fair Debt Restructuring, de facto Preferred Creditor Status for the IMF and many major MDBs has been accepted in debt workouts on the basis that such institutions provide new lending in support of the debtor adjustment program objectives designed to facilitate the resolution of any balance of payments problems—without restructuring the loans made by such institutions.

4) **Domestic debt restructuring:** This has been one of the most debated topics in the GSDR discussions. There is broad agreement that decisions on whether to include domestic debt in a restructuring should be made on a case-by-case basis, taking into account potential costs and benefits to the economy, the financial/banking sector and society. However, the concept of fair burden sharing (CoT) between external and domestic creditors is challenging and seems unlikely to be appropriate.

5) **State-contingent instruments (SCIs):** There is a growing consensus that it is helpful to incorporate SCIs in debt restructurings on a case-by-case basis, although concerns have been raised that including them in debt workouts could complicate negotiations and prolong the process.

6) **Cut-off dates:** Discussants have argued that the Official Creditor Committees (OCC) should determine cut-off dates on a case-by-case basis, and that they should not be later than the date on which a Staff-Level Agreement is reached.

7) **Exclusion of short-term debt:** Discussants have agreed that short-term debt (based on original maturity) should be excluded from debt restructuring.

8) **Official sector debt service suspension during debt restructuring negotiations:** Discussants have noted that reaching consensus among official creditors might be difficult, and such suspensions should be determined on a case-by-case basis. GSDR participants have warned about potential unintended effects of such suspensions on credit ratings, market access and private capital inflows.

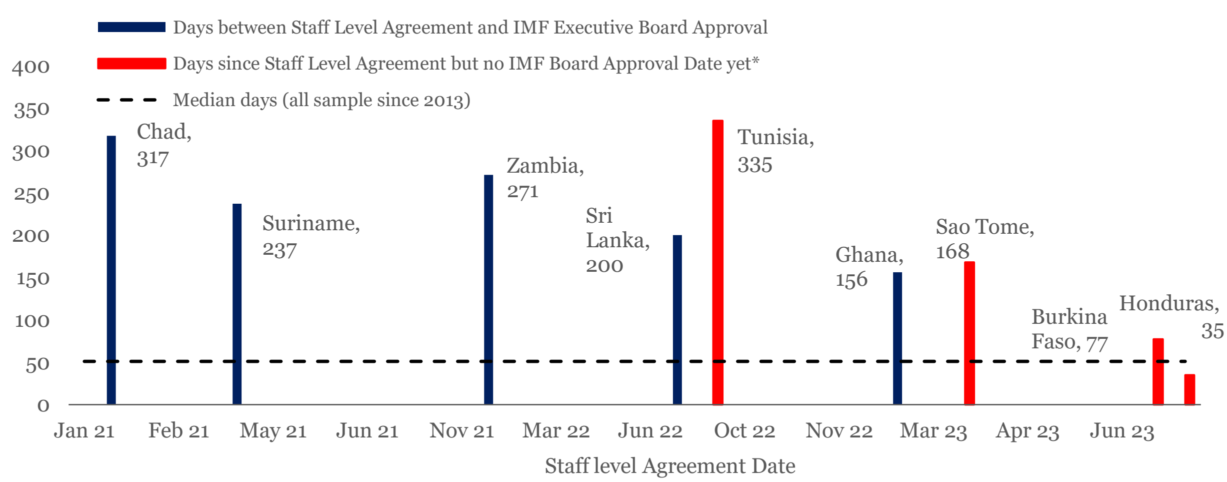
9) **Treatment of official arrears:** The discussion among stakeholders has centered around waiving penalties (interest accumulation) on arrears accumulated during debt restructuring negotiations. In doing so, moral hazard and implications for sovereign credit ratings should be considered. The treatment of arrears should be based on differential treatment of "pre-arrears" and arrears restructuring.

10) **Treatment of state-owned enterprise (SoE) debt**: Some participants have underscored that SOE debt should not be automatically excluded from the scope of debt restructurings. A technical workshop will be organized on this topic after the IMF/WB Annual Meetings in Marrakech.

With the ongoing risk of lengthy debt negotiations with official creditors making some countries unwilling to address debt issues before they escalate further (Chart 6), the recently updated *Principles for Stable Capital Flows and Fair Debt Restructuring* provides an invaluable market-based framework for crisis prevention and resolution, particularly in cases of sovereign debt distress or restructuring, such as those featured in this report (See Box 1). In sharp contrast to statutory approaches (See Box 2), the *Principles* are a voluntary code of conduct between sovereign debt issuers and their private sector creditors, aiming to mitigate the cost, time and legal complications related to debt workouts by fostering enhanced market debt transparency, and close debtor-creditor dialogue—particularly through investor relations programs (See Chapter 2). Following their 2022 update, the *Principles* now also articulate the vital role of ESG considerations in sovereign debt markets to mobilize private capital for sustainable growth and development in emerging markets. The *Principles* are monitored by two oversight bodies—the Group of Trustees and the Principles Consultative Group (PCG), which include senior officials from developed and emerging-market countries, as well as senior bankers and investors (See Annex 1 and 2).

Chart 6 - Hurdles including prolonged negotiations among official creditors lead to delays between IMF Staff Level Agreement and IMF Executive Board Approval*

Number of days between IMF Staff Level agreement and IMF Board Approval



Source: IMF, IIF; While there has been some progress since the launch of the GSDR, with shorter timelines, this still exceeds the trends observed in the past

Box 1. Update on Country Cases

The PCG has closely monitored debt treatment efforts from both within and outside the Common Framework and has discussed ongoing debt restructuring efforts in several countries.

Common Framework Countries: Only Chad, Zambia, Ghana and Ethiopia have sought debt treatment under the Common Framework to date; the ongoing risk of lengthy debt negotiations appears to have prompted some countries that are eligible for the Common Framework to pursue bilateral negotiations instead—as seen with Somalia, Malawi, Djibouti, and Laos:

- **Chad:** On November 11th, 2022, Chad became the first country to reach an agreement with its creditors under the Common Framework. This marked China's debut in a joint debt deal treatment in partnership with other creditors, including France, India, Saudi Arabia, and Swiss commodities trader Glencore. Creditors have committed to safeguarding Chad against risks, including further drops in oil revenues. Official creditors will reconvene before the end of 2024 to discuss debt relief needs for 2025-2028.

- **Zambia:** More than two and a half years after defaulting on external debt, Zambia reached an agreement in principle with its official bilateral creditors under the Common Framework on June 22, 2023. China's decision to provide relief was a key factor facilitating the agreement. Although official bilateral creditors have pledged to restructure $6.3 billion of Zambia's external debt, finalization awaits a Memorandum of Understanding between Zambia and each official creditor. The deal includes a contingent treatment: an acceleration of principal and interest payments to official creditors, hinging on the country's economic performance and policies. However, negotiations with external bondholders are still ongoing, primarily because of sequential negotiations approach outlined in the Common Framework. This approach prioritizes negotiations with official creditors first. Zambian authorities have decided to exclude non-resident holdings of local currency bonds and short-term debt from the restructuring efforts.

- **Ghana:** In December 2022, Ghana paused its debt service payments, resulting in a default on roughly $28.4 billion of external obligations. The country subsequently sought debt relief under the Common Framework. By May 2022, an Official Creditor Committee was formed, and the IMF approved a 3-year, $3 billion loan to Ghana, conditioned on adopting austerity measures. The first-stage domestic debt exchange closed in February 2023 and the most recent stages (USD domestic debt, "cocobills," pension funds and holdouts from the first stage) closed in August /September of 2023. In July, around half of the government's $7 billion debt owed to the Central Bank was absolved. At present, Ghana is engaged in dialogue with both private and official external creditors. Despite recent domestic debt exchanges bolstering hopes that public debt stability can be restored, uncertainties remain regarding the IMF program's specifics. Moreover, given the significant divergence of view on the outlook for the Ghanaian cedi against the USD among creditors, a potential deal could involve state-contingent instruments to bridge the gap in expectations (adding another layer of complexity). The upcoming 2024 elections may also affect the IMF program's continuity given Ghana's long history of adopting a loose fiscal stance during election years.

- **Ethiopia:** Progress on debt restructuring under the Common Framework has been very limited, partly due the absence of an IMF staff-level agreement. In September 2023, China agreed to suspend payments on debt maturing in 2023/2024.

Outside the Common Framework

- **Malawi** is currently engaged in bilateral negotiations with official and commercial creditors to restructure over $1.2 billion of external debt outside the Common Framework. The authorities expect to secure an arrangement from the by the end of 2023, contingent upon receiving financing assurances from its two main creditors: China and India.

- **Somalia** is in arrears with external creditors, and debt restructuring negotiations are ongoing under the HIPC Initiative (outside the Common Framework). The country aims to reach the HIPC Completion Point by the end of 2023.

- In December 2022, **Djibouti** suspended its debt repayments to its major creditor, China, and is currently engaged in bilateral negotiations with its creditors, outside the Common Framework.

- Although **Laos** is eligible to request debt relief under the Common Framework, it has chosen to address its debt stress through bilateral negotiations with its primary external creditor, China. Few details about this process are available to the public.

- In April 2022, **Sri Lanka** announced a moratorium on its external debt. Subsequently, authorities negotiated a $3 billion IMF bailout, contingent on major bilateral creditors (including China and India) providing assurances for debt relief in line with restoring debt sustainability based on IMF program parameters. By early 2023, China's Export-Import Bank granted Sri Lanka a two-year moratorium (complemented later by more explicit financing assurances), and the official creditor committees backed by the Paris Club, India, China, and Japan, provided financing assurances to support the IMF program for Sri Lanka. In March, the IMF approved a $3 billion Extended Fund Facility for Sri Lanka. Under its Domestic Debt Optimization Program (DDO), Sri Lanka has restructured a portion of its domestic debt by converting various bills, bonds and loans. To enhance debt transparency, Sri Lanka committed to establish a centralized Debt Management Office and to update its debt legal framework with assistance from the IMF and the World Bank.

In early October, Sri Lanka reached an agreement in principle with China. However, concerns persist about whether the $3 billion IMF program will fully meet Sri Lanka's funding needs. Negotiations with external bond holders are still ongoing and the bondholders group made a public offer to Sri Lanka, including a proposal for state-contingent debt instruments to bridge the gap between the IMF assumptions on the future trajectory of Sri Lanka's GDP and those of bondholders and Sri Lankan authorities.

- **Suriname** successfully completed the Third Review under the IMF-supported program and completed negotiations with all its official creditors, except China. Additionally, the government has successfully concluded restructuring negotiations vis-à-vis the legacy debt owed to the central bank and has reached an agreement in principle with the members of the representative bondholder committee to exchange debt due in 2023 and 2026 (totaling over $675 million) for new 10-year bonds. The debt deal with private creditors includes a Value Recovery Instrument dependent on future oil revenues, in keeping with the upside risk that emerging offshore oil explorations could revitalize the economy.

- In March 2023, **Ukraine's** major official bilateral creditors decided to extend the existing debt suspension until 2027. Ukraine is currently seeking to secure an agreement with its eurobond holders before the existing debt service standstill with them expires in the summer of 2024.

- **Lebanon** is grappling with political and economic turmoil, marked by its inability to elect a new president. The stagnation in vital structural reforms for fiscal sustainability has stalled Lebanon's prospects of obtaining an IMF bailout.

- While **Sudan** qualifies for assistance under the HIPC initiative, persistent political discord in the country impedes debt restructuring efforts with its bilateral creditors.

- In October 2023, the U.S. eased sanctions on **Venezuela**'s oil and mining sector for six months and removed the secondary trading ban on certain bonds issued by the Government of Venezuela and PDVSA. This move was in response to a deal reached between Maduro's government and the opposition regarding the presidential election in 2024. However, all sanctions related to the primary bond markets remain in place, presenting a significant challenge for any potential debt workout effort. The relief on sanctions with respect to Venezuela's oil and mining sector is expected to be renewed—provided that the government commits to guaranteeing democratic elections.

  Due to international sanctions, the near-term prospects for debt exchanges in **Russia and Belarus** remain unlikely.

Table 1: Sovereign Bond Defaults

Country	Default Date	Currency	Status
Russia	Jan-99	FC	resolved
Pakistan	Jan-99	FC	resolved
Indonesia	Mar-99	FC	resolved
Dominican Republic	Apr-99	LC	resolved
Suriname	Jan-00	LC	resolved
Indonesia	Apr-00	FC	resolved
Argentina	Nov-01	FC, LC	resolved
Indonesia	Apr-02	FC	resolved
Paraguay	Feb-03	FC	resolved
Uruguay	May-03	FC	resolved
Cameroon	Sep-04	LC	resolved
Grenada	Dec-04	FC	resolved
Venezuela	Jan-05	FC	resolved
Grenada	Jan-05	LC	resolved
Dominican Republic	Feb-05	FC	resolved
Belize	Dec-06	FC	resolved
Grenada	Dec-06	LC	resolved
Seychelles	Aug-08	FC	resolved
Ecuador	Dec-08	FC, LC	resolved
Jamaica	Jan-10	FC, LC	resolved
Greece	Feb-12	FC, LC	resolved
Belize	Aug-12	FC	resolved
Grenada	Oct-12	FC	resolved
Greece	Dec-12	FC, LC	resolved
Jamaica	Feb-13	FC, LC	resolved
Grenada	Mar-13	FC, LC	resolved
Cyprus	Jun-13	FC, LC	resolved
Argentina	Jul-14	FC	resolved
Ukraine	Sep-15	FC	resolved
Mozambique	Apr-16	FC	resolved
Republic of Congo	Aug-16	FC	resolved
Mozambique	Jan-17	FC	resolved
El Salvador	Apr-17	FC, LC	resolved
Belize	May-17	FC	resolved
Republic of Congo	Aug-17	FC	resolved
El Salvador	Oct-17	FC, LC	resolved
Venezuela	Nov-17	FC	**ongoing**
Barbados	Jun-18	FC	resolved
Barbados	Aug-18	LC	resolved
Argentina	Aug-19	FC, LC	resolved
Argentina	Dec-19	FC	resolved
Argentina	Jan-20 - Sept. 20	LC	resolved
Lebanon	Mar-20 - Nov-20	FC	**ongoing**
Argentina	Apr-20	FC	resolved
Ecuador	Apr-20	FC, LC	resolved
Suriname	Jul-Nov 20	FC	**ongoing***
Belize	Aug-20	FC	resolved
Zambia	Oct-20 -Nov-20	FC	**ongoing**
Zambia	Mar-21	**FC**	**ongoing ****

Belize	Sep. 21	FC	resolved
Mali	Mar-22	LC	resolved
Russia	Mar. 22 - Jun-22	FC, LC	**ongoing**
Sri Lanka	May-22	FC	**ongoing**
Belarus	Jul-22	FC	**ongoing**
Ukraine	Aug-22	FC	**ongoing**
Ghana	Dec-22	FC, LC	**ongoing**

*Source: S&P, Moody's, IMF, IIF; *An agreement in principle with a key group of bond investors has been reached; **Despite an overall agreement between Zambia and its official creditors, a Memorandum of Understanding has yet to be signed with each creditor.*

Box 2. New York Assembly Bills on Sovereign Debt Restructuring

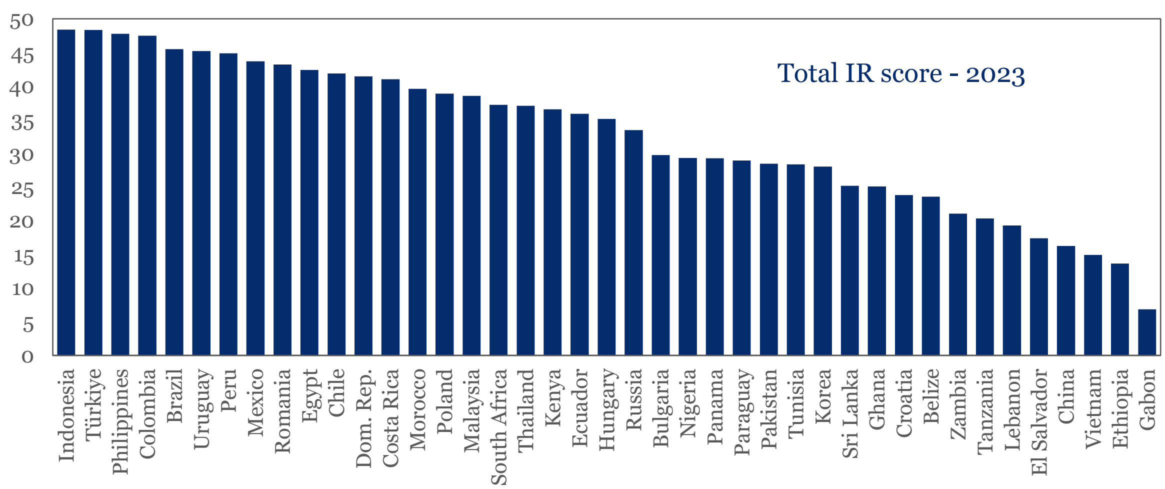
Currently, the New York State Assembly has three active Bills related to the governance of sovereign debt issued under New York law. If passed into law, these bills will alter the current process of sovereign debt restructuring for emerging markets, as they mandate that all private creditors participate in debt restructurings on "comparable terms" with official creditors (where "comparable terms" is not defined). On May 22, the IIF, in association with the American Council of Life Insurers (ACLI), the Credit Roundtable, the Investment Company Institute (ICI), and the International Capital Market Association (ICMA), among others, issued a press release expressing industry concerns that these initiatives would further increase borrowing costs for debtor countries, and calling for the adoption of a multilateral approach to sovereign debt challenges. Although momentum to pass these initiatives has lessened, they could resurface when the next legislative session commences in early 2024. Worryingly, initiatives of this nature that fail to reflect the perspectives of debtor countries and their official and private creditors perspectives might undermine global efforts, such as the Global Sovereign Debt Roundtable (see above), to enhance the international sovereign debt architecture. This could result in increased fragmentation of the international financial system.

II. Investor Relations and Debt Transparency

With growing concern about sovereign debt vulnerabilities, higher borrowing costs and persistent geopolitical tensions that impact both borrower creditworthiness and their relationships with creditors, strengthening investor relations (IR) has proved to be a crucial responsibility. Stronger IR programs are essential in supporting countries' efforts to attain stable and affordable access to international debt markets. By promoting debt and policy transparency, IR programs are playing an increasingly important role in facilitating communication between sovereign debtors and their creditors. In turn, enhanced IR practices and better communication enhances the appeal of sovereign debt as an asset class for international investors. In cases where debt restructuring becomes unavoidable, the implementation of robust debt transparency practices and open dialogue between the sovereign debtor and its creditors—facilitated by strong IR programs—can help expedite a predictable and orderly debt restructuring process. Our latest report on Investor Relations and Debt Transparency highlights the diverse array of IR practices across emerging markets and developing countries (Chart 7). This in turn underscores the urgent need to allocate more institutional, financial, and human resources to investor relations programs, ensuring better alignment with the evolving demand of international and domestic investors (Table 2).

Chart 7: Investor Relations Country Scores

index, 2023 Investor Relations score, maximum = 50



Source, IIF Investor Relations Survey

Looking ahead, it is also crucial to develop, enhance, and continuously adapt IR programs in line with the global policy priority of strengthening the international sovereign debt architecture. **It is important to recognize that strong IR programs can be very effective in mobilizing much-needed international private capital towards achieving global climate and broader sustainable development goals**. Specifically, IR programs can play a vital role in accelerating the integration of ESG factors in international sovereign debt markets, as well as supporting global efforts to scale up blended finance for climate action. They can achieve this by bridging information gaps and aiding the identification of "bankable" development projects in emerging markets and developing countries.

Key takeaways from the IIF's 2023 assessment of investor relations practices:

Through a combination of desk research and survey questions (an update of the IIF Investor Relations Survey conducted annually since 2005) addressed to country representatives from IR and Debt Management Offices (DMOs), we assessed and ranked investor relations practices across countries. Our assessment is based on three scores: an IR Country Score, a Debt Transparency Score and a ESG Data and Policy Dissemination Score (See Box 3). Before publication, the results are shared with government officials for validation, as applicable. Some of the main findings from this year's assessment include:

- **Since 2005, the number of countries with Investor Relation Programs** (IRPs) **has increased from 8 to 28** (Table 3). While this represents a major improvement, many countries still lack an official IR program that effectively facilitates the flow of information between the debtor country and its creditors.

- **Of the 41 countries[1] in the sample, 26 responded to the 2023 Investor Relations Survey, compared to 18 in 2022**. This notable increase in our direct engagement with debtor countries reflects the heightened efforts of sovereign borrowers to enhance their interaction with private creditors, particularly in a challenging global funding landscape.

- **None of the countries received the maximum Investor Relations Score of 50, though a number came close**. Among the countries assessed, Indonesia (48.4), Türkiye (48.3), Philippines (47.8), Colombia (47.5), and Brazil (45.5) achieved the highest scores (Chart 5). Notably, three of these countries, namely Indonesia (1st), Colombia (2nd), and Brazil (3rd) also received the highest points in the 2022 assessment, while Türkiye (5th) has maintained a strong performance.

- **In the overall IR assessment, almost 40%** (16 out of the 41 countries assessed) **achieved scores in the top quartile** (37.5-50). It is worth noting that many frontier markets and China obtained relatively lower scores.

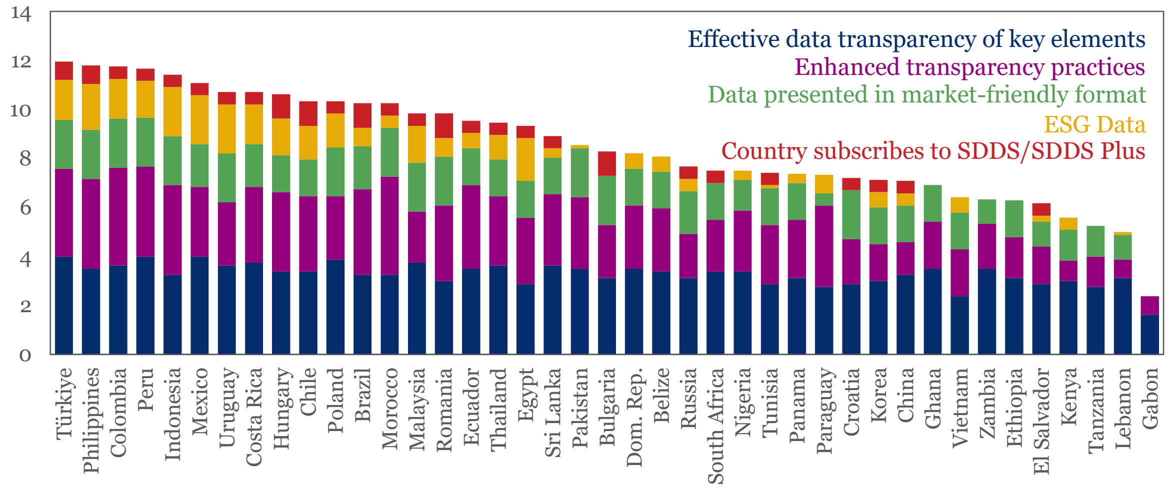
- **The countries in our sample achieved an average debt transparency score of 8.5 out of a total possible score of 13, marking a significant improvement from 2022 (6.8)**. This improvement partly reflects the increased direct engagement with countries through our survey this year. Countries that responded to our survey inquiry had an average score of 9.7, while countries that did not respond scored only 4.1.

[1] Ethiopia, Sri Lanka and El Salvador are included in the 2023 Investor Relations assessment for the first time. Ukraine has been temporarily excluded from the analysis.

- However, it is important to note that **even this commendable improvement does not match the needs of rapidly growing sovereign debt markets**. In fact, debt statistics remain largely incomplete for many countries, particularly across frontier markets. This year, the highest debt transparency scores were attained by Türkiye (12), Philippines (11.8), Colombia (11.8), Peru (11.7), and Indonesia (11.4) (Chart 6). On the other hand, El Salvador (6.2), Kenya (5.6), Tanzania (5.3), and Gabon (2.4) received the lowest scores in our assessment of debt transparency practices (Chart 8).

Chart 8: Debt Transparency Scores

index, 2023 Debt Transparency score, maximum = 13



Source: IIF Investor Relations Survey

Box 3. The IIF Investor Relations and Debt Transparency Scores: Overview

The IIF Best Practices for Investor Relations serve as voluntary guidelines for country authorities aiming to enhance their investor relations and data dissemination practices in conjunction with the Principles for Stable Capital Flows and Fair Debt Restructuring. The IIF regularly reviews the adherence of emerging market borrowers to these best practices and shares significant findings annually. A detailed description of the evaluation criteria is provided in Annex I. The 2023 IIF IR assessment covers 41 emerging markets and developing from various geographical regions, including sub-Saharan Africa, and is based on three sets of scores:

- **Investor Relations Country Score:** This headline score evaluates overall IR practices across 23 criteria. The complete scoring for each country is shown in Table 2, with a maximum score of 50.

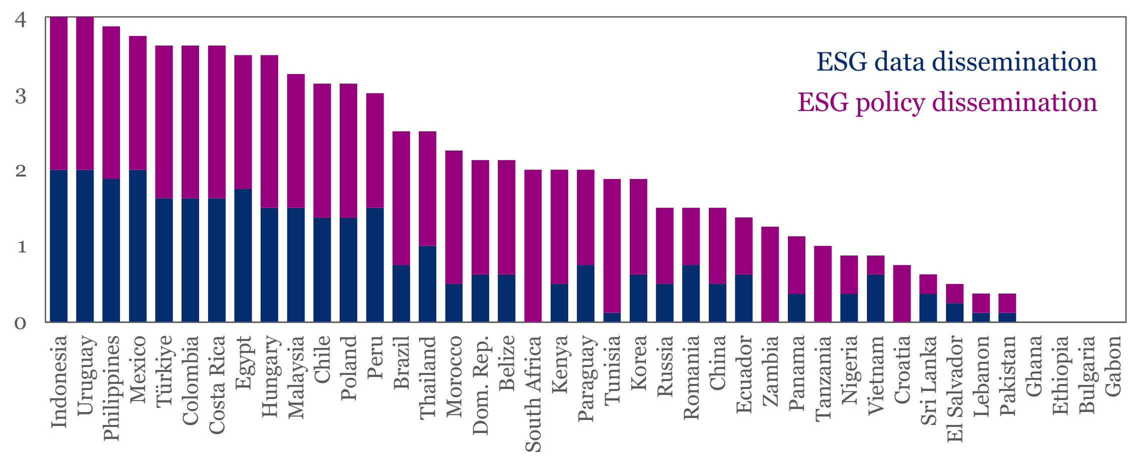
- **Debt Transparency Score:** This is a subset of the headline IR country score and aims to assess sovereign borrowers' data and policy dissemination practices, with a maximum score of 13. The IIF's assessment of data transparency considers countries' adherence to the IMF's Special Data Dissemination Standards (SDDS), effective data transparency for key elements, enhanced transparency practices, user-friendliness of macroeconomic and ESG data formats, and ESG data. These categories encompass detailed breakdowns of government operations, debt, and debt service, including creditor and currency composition requirements. The coverage extends to publicly guaranteed debt, local and state government debt, state-owned enterprises' debt, contingent liabilities, and other categories related to transaction-level data. Long-term trade credits and information on bond prospectuses are also included in the score.

- **ESG Data and Policy Dissemination Score:** This is another subset of the headline IR country score to assess sovereign borrowers' ESG data and policy dissemination practices, with a maximum score of 4. The IIF's evaluation of ESG data and policy dissemination practices considers the availability of ESG data, including information on the environmental and social dimensions of budgetary and fiscal policies from a forward-looking perspective, as well as ESG debt issuances and supporting documents. The assessment also covers ESG policies concerning the disclosure of climate and SDG commitments and targets, progress made towards these commitments, relevant forecasts, and scenarios. The 2023 edition of the IR assessment also evaluates the provision of ESG-related statistics to guide investors' ESG risk assessments and how investors' feedback is incorporated in policy decisions regarding ESG-related information sharing. statistics to guide investors' ESG risk assessments and how investors' feedback is incorporated in policy decisions regarding ESG-related information sharing.

- Regarding the **ESG Data and Policy Dissemination Scores**[2], the countries in our sample achieved an average score of nearly 2.0 out of a maximum of 4.0, marking an improvement from 1.6 in 2022. The highest scores were attained by Indonesia and Uruguay, both achieving a perfect score of 4, followed closely by Philippines (3.9) and Mexico (3.8) (Chart 9). However, it is important not to interpret these high scores as an indication that the work is complete. With private creditors increasingly focusing on assessing sovereign climate-risk related risks and opportunities, there is a growing demand for more detailed and substantial climate-related information. Therefore, **it is crucial that sovereign debtors enhance their capacity to disclose relevant information that helps the understanding of climate risks and opportunities for both domestic and international investors**. Notably, four countries received a score of zero, indicating significant room for improvement in ESG Data and Policy transparency. The average score for ESG data disclosure was 0.8 out of a maximum of 2, while ESG policy transparency averaged at 1.2 (out of a maximum score of 2).

Chart 9. ESG Data and Policy Dissemination Scores

index, 2023. ESG Data and Policy Dissemination score, maximum = 4

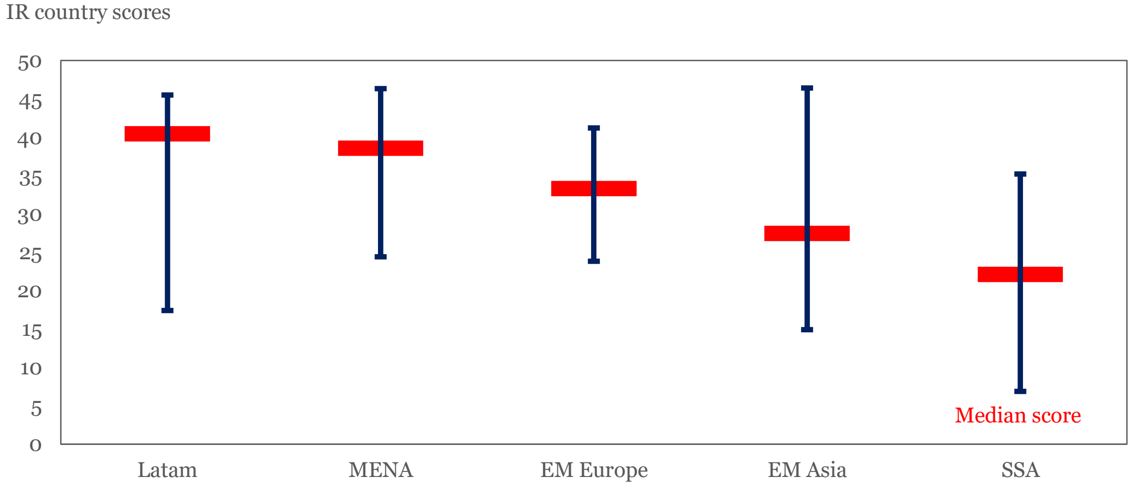


Source: IIF Investor Relations Survey

- From a regional perspective, the Latin America and Caribbean region attained the highest median Investor Relations scores (41.5) (Chart 10), while the Sub-Saharan region recorded the lowest Investor Relations scores at 23.1.

[2] In our separate assessments of debt transparency and ESG disclosure, we include “14a. ESG data” as a component in both scores. However, ESG data is counted only once for the headline Investor Relations score; hence there is no double-counting in the overall assessment.

Chart 10: Investor Relations Country Scores, by region*



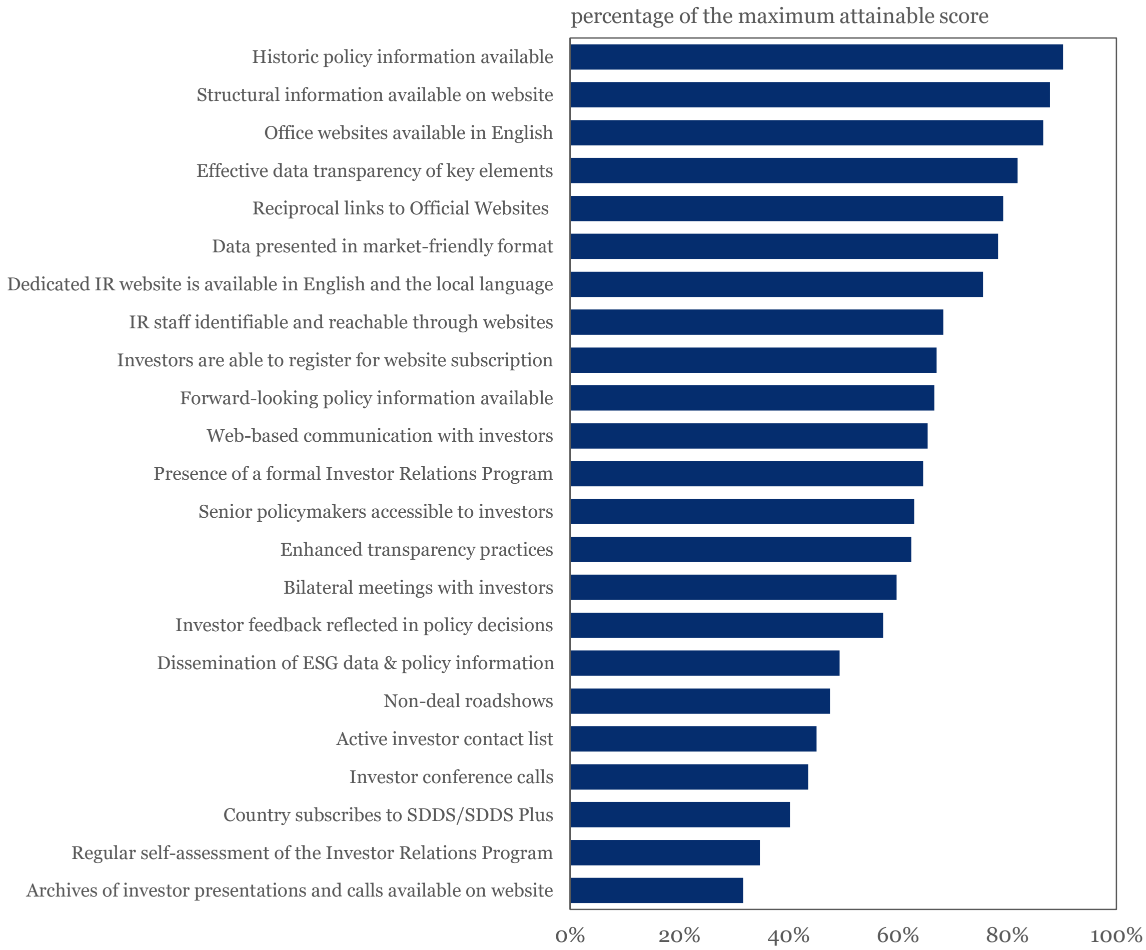
*The short horizontal lines at the top and bottom of each vertical line represent the maximum and minimum scores. The red bars represent the median scores

Source: IIF Investor Relations Survey

- The criteria in which countries scored the highest included historic policy, availability of structural information on websites, presence of official websites in English, and effective data transparency for key elements. On the other hand, countries scored the lowest in criteria such as investor conference calls, subscription to SDDS/SDDS plus[3], regular self-assessment of IR programs, and availability of archives of investor presentations and calls on their official websites (Chart 11).

[3] SDDS stands out for the IMF's Special Data Dissemination System. Countries subscribing to the SDDS standards agree to improve best practices around data integrity, data quality, public access to the data, and coverage, periodicity, and timeliness of data. SDDS plus focuses on systemically important financial sectors and constitute the highest tier of IMF data transparency initiatives. For further information, see IMF standards for Data Dissemination

Chart 11: Investor Relations Criteria Scores, by performance ratio*



*This ratio calculated the cross-country average score per criterion by dividing it by its maximum weight. For example, in whether countries have an active investor contact list, countries scored an average of 1.35 out of maximum of 3 points, wh

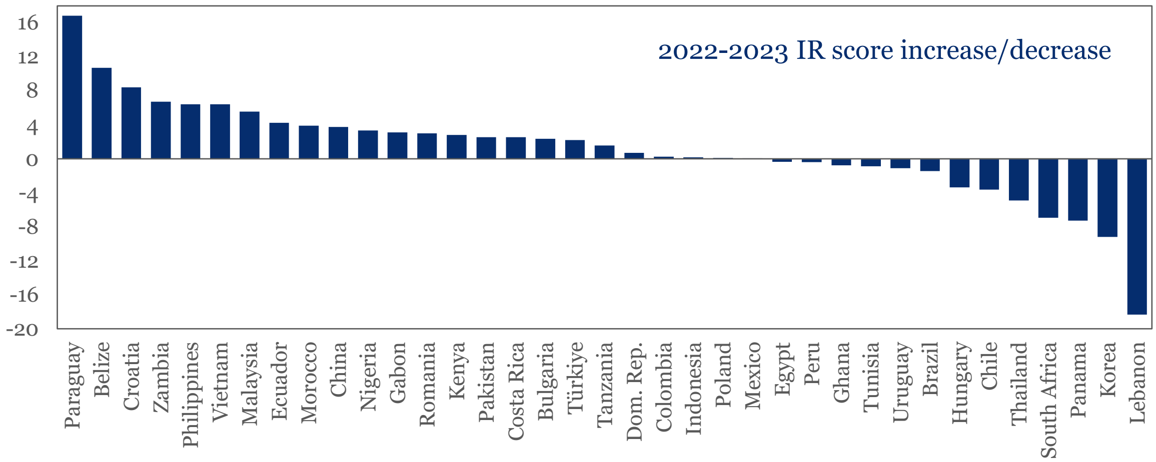
Source: IIF Investor Relations Survey

- The average Investor Relations score for 2023 was 32.77, slightly lower than the score in 2022 (32.82). Notably, Paraguay showed the most significant improvement in scores compared to 2022, with an increase of 16.8 points, followed by Belize (+10.7), Croatia (+8.4), Zambia (+6.7), and Philippines (+6.4) (Chart 12)[4]. Conversely, Lebanon, Panama, Korea, and South Africa experienced the most significant decrease in scores. Changes in scores compared to 2022 were also influenced by the presence or absence of new evidence. The higher disaggregation of question 15 to 21 in this year's IR survey revealed further room for countries to enhance their investor relations practices (Table A2).

[4] We exclude Ethiopia, El Salvador, and Sri Lanka from this 2022- 2023 comparison, as these countries are included for the first time in our annual assessment . Russia is omitted as it was not assessed in 2022.

Chart 12. Change in Investor Relations Country Scores, 2022-2023

index, Investor Relations score, maximum = 50

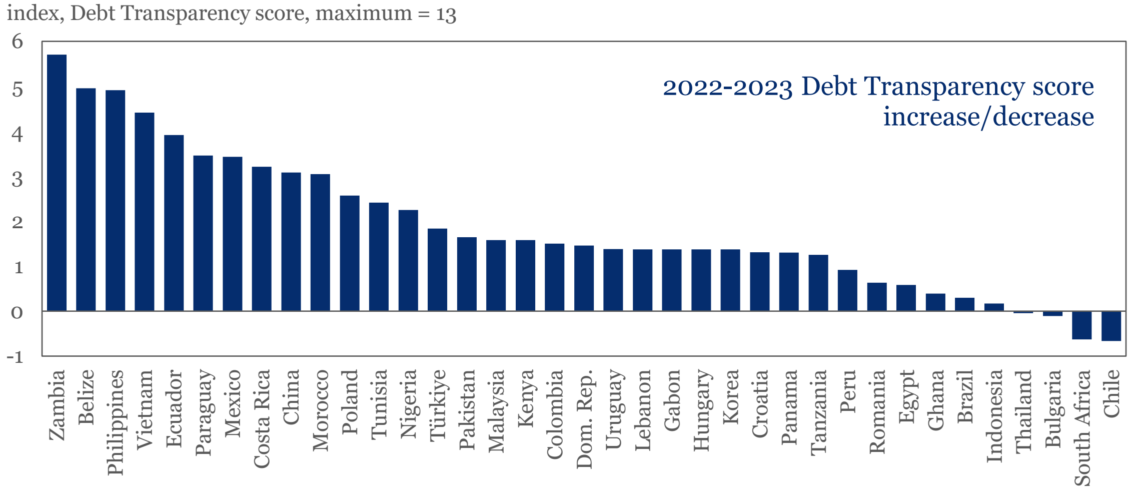


Source: IIF Investor Relations Survey

- Regarding Debt Transparency scores, compared to 2022, Zambia, Belize, and Philippines showed the largest improvements, while South Africa and Chile experienced the most significant decrease (Chart 13).

Chart 13. Change in Debt Transparency Scores, 2022-2023

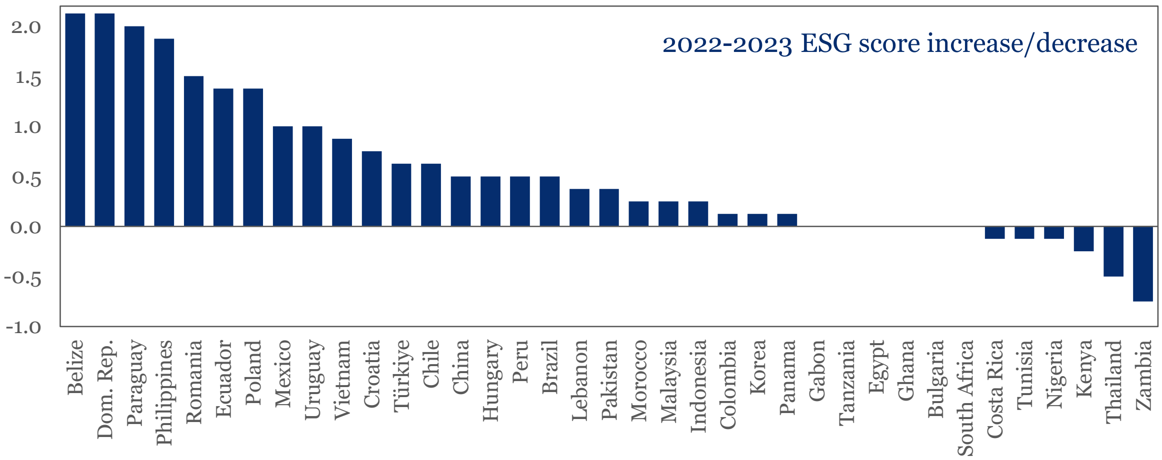
index, Debt Transparency score, maximum = 13



Source: IIF Investor Relations Survey

- In terms of ESG scores, Belize and the Dominican Republic demonstrated the most substantial improvements in 2023 compared to 2022, while Kenya, Thailand, and Zambia saw the most significant decrease in ESG transparency scores (Chart 14).

Chart 14: Change in ESG Country Scores, 2022-2023
index, ESG dissemination score, maximum = 4



Source: IIF Investor Relations Survey

Technical recommendations to improve scores in investor relations and debt transparency practices:

- **Ensure availability of policy and data documents in English**: It is crucial that government policy documents related to debt management projections, ESG issues and other relevant information be accessible in English. This enables the international investor community to gain a better understanding of a country's objectives in relation to Debt Management, Investor Relations efforts, and ESG initiatives.

- **Strengthen data and information transparency efforts:** We strongly urge countries to maintain a publicly accessible database of their domestic and external bond prospectuses and to publicly disclose key financial and legal terms of their project related and other loan contracts with all external creditors. Public disclosure of relevant transaction-level information will improve the assessments of debt sustainability and boost debtors' credibility with creditors.

Initially, the relevant transaction-level information could include the items listed in the Information Matrix Template that was developed by the IIF and OECD for the Implementation of the IIF's Voluntary Principles for Debt Transparency. Additionally, government authorities should explicitly document how they integrate investor feedback into policy decisions.

- **Make ESG data and policy information available on investor relations office (IRO) websites:** We encourage government authorities to include direct links to ESG information on their respective IRO websites. This might require improved collaboration among various ministries within the country. Information provided to the IIF staff during the survey and preliminary score review phases of our annual assessment should be made available through functional website links.

- **Enhance direct engagement with investors**: Establishing an Investor Relations program (IRP) enables countries to achieve much higher average IR scores compared to those without an IRP or lacking evidence of one (38.9 vs. 21.3, respectively). This benefits both the government and the investor community, as greater transparency and dialogue encourages effective policy implementation and increased engagement from institutional investors. Finally, develop an investor contact list where applicable to facilitate communication and engagement.

TABLE 2 - Overall Assessment of Investor Relations (IR) and Data Transparency Practices

Investor Relations Practices Criteria		**Investor Relations Office/Staff**		**Investor Relations Website**				**Data**			
		1. Presence of a formal IRP	**2. IR staff identifiable and reachable through website(s)**	**3. Dedicated IR website available in both the local language and English**	**4. Central bank, Ministry of Finance and/or Economy or Treasury, and Statistics Office websites available in English**	**5. Reciprocal links to IRO, Debt Management Office, Central Bank, and Ministry of Finance and/or Economy websites**	**6. Investors able to register for website subscription**	**7. Country subscribes to SDDS/SDDS Plus**	**8. Effective data transparency of key elements**	**9. Enhanced transparency practices**	**10. Data presented in market-friendly format**
	Weight	**2**	**3**	**3**	**3**	**1**	**1**	**1**	**4**	**4**	**2**
Country	**Score**										
Belize	**23.6**	0.0	1.0	2.3	3.0	0.8	0.0	0.0	3.4	2.6	1.5
Brazil	**45.5**	2.0	3.0	3.0	3.0	1.0	1.0	1.0	3.3	3.5	1.8
Bulgaria	**29.8**	0.0	2.5	3.0	3.0	1.0	0.5	1.0	3.1	2.2	2.0
Chile	**41.9**	2.0	2.5	1.5	3.0	0.9	1.0	1.0	3.4	3.1	1.5
China	**16.3**	0.0	0.0	0.0	3.0	0.5	0.0	0.5	3.3	1.3	1.5
Colombia	**47.5**	2.0	2.5	3.0	2.5	1.0	1.0	0.5	3.6	4.0	2.0
Costa Rica	**41.0**	2.0	2.5	2.3	2.0	0.8	1.0	0.5	3.8	3.1	1.8
Croatia	**23.8**	0.0	1.0	2.3	3.0	0.5	1.0	0.5	2.9	1.8	2.0
Dominican Republic	**41.5**	2.0	3.0	3.0	2.5	1.0	1.0	0.0	3.5	2.6	1.5
Ecuador	**35.9**	2.0	3.0	2.6	2.0	1.0	1.0	0.5	3.5	3.4	1.5
Egypt	**42.4**	2.0	2.5	3.0	3.0	1.0	0.0	0.5	2.9	2.7	1.5
El Salvador	**17.4**	0.0	0.0	3.0	2.0	1.0	0.0	0.5	2.9	1.5	1.0
Ethiopia	**13.7**	1.0	1.0	1.9	3.0	0.0	0.0	0.0	3.1	1.7	1.5
Gabon	**6.9**	0.0	0.0	0.0	0.0	0.5	0.0	0.0	1.6	0.8	0.0
Ghana	**25.1**	2.0	1.0	3.0	3.0	1.0	0.0	0.0	3.5	1.9	1.5
Hungary	**35.1**	0.0	1.0	1.5	3.0	0.9	1.0	1.0	3.4	3.3	1.5
Indonesia	**48.4**	2.0	3.0	3.0	3.0	1.0	1.0	0.5	3.3	3.7	2.0
Kenya	**36.5**	2.0	3.0	2.3	3.0	1.0	1.0	0.0	3.0	0.8	1.3
Korea	**28.0**	1.0	1.0	3.0	3.0	0.3	1.0	0.5	3.0	1.5	1.5
Lebanon	**19.3**	1.5	2.0	1.5	3.0	0.4	1.0	0.0	3.1	0.8	1.0
Malaysia	**38.5**	1.0	3.0	1.1	3.0	1.0	1.0	0.5	3.8	2.1	2.0
Mexico	**43.7**	2.0	2.5	3.0	2.5	1.0	1.0	0.5	4.0	2.8	1.8
Morocco	**39.6**	2.0	3.0	1.9	2.0	0.9	1.0	0.5	3.3	4.0	2.0
Nigeria	**29.3**	2.0	3.0	3.0	3.0	1.0	1.0	0.0	3.4	2.5	1.3
Pakistan	**28.5**	0.0	1.0	1.5	3.0	1.0	0.0	0.0	3.5	2.9	2.0
Panama	**29.3**	2.0	3.0	3.0	1.0	1.0	1.0	0.0	3.1	2.4	1.5
Paraguay	**29.0**	0.5	2.5	1.5	0.0	0.5	1.0	0.0	2.8	3.3	0.5
Peru	**44.9**	2.0	3.0	3.0	3.0	1.0	1.0	0.5	4.0	3.7	2.0
Philippines	**47.8**	2.0	3.0	3.0	3.0	1.0	1.0	0.8	3.5	3.7	2.0
Poland	**38.9**	1.0	2.5	3.0	3.0	0.8	0.0	0.5	3.9	2.6	2.0
Romania	**43.2**	2.0	3.0	3.0	2.5	0.9	1.0	1.0	3.0	3.1	2.0
Russia	**33.5**	2.0	2.0	3.0	3.0	0.8	1.0	0.5	3.1	1.8	1.8
South Africa	**37.2**	2.0	3.0	3.0	3.0	1.0	0.0	0.5	3.4	2.1	1.5
Sri Lanka	**25.2**	0.0	1.5	2.3	3.0	0.9	1.0	0.5	3.6	2.9	1.5
Tanzania	**20.3**	0.0	1.0	3.0	3.0	0.8	0.0	0.0	2.8	1.3	1.3
Thailand	**37.1**	2.0	3.0	0.8	3.0	0.0	0.0	0.5	3.6	2.8	1.5
Tunisia	**28.4**	1.0	1.5	0.0	2.0	1.0	1.0	0.5	2.9	2.4	1.5
Türkiye	**48.3**	2.0	3.0	3.0	3.0	1.0	1.0	0.8	4.0	3.6	2.0
Uruguay	**45.2**	2.0	3.0	3.0	1.5	1.0	1.0	0.5	3.6	2.6	2.0
Vietnam	**14.9**	0.0	0.0	0.0	3.0	0.3	1.0	0.0	2.4	1.9	1.5
Zambia	**21.1**	2.0	1.0	3.0	3.0	0.5	0.0	0.0	3.5	1.8	1.0

TABLE 2 - Overall Assessment of Investor Relations (IR) and Data Transparency Practices - Continued

Debt and ESG Data and Policy Information				IR Contact List	Feedback and Communication Channels							Regular Self-Assessment	Total
11. Historic policy information available	12. Forward-looking policy information available	13. Structural information available	14. Dissemination of ESG Data and Policy Information	15. Active investor contact list	16. Web-based communication with investors	17. Bilateral meetings with investors	18. Non-deal roadshow(s)	19. Investor conference call(s)	20. Investor feedback reflected in policy decisions	21. Senior policymakers accessible to investors	22. Archives of investor presentations and/or conference call related materials available on websites	23. Regular self-assessment of IRP	Maximum Weight
2	3	2	4	3	2	1	1	1	3	2	1	1	50
													Country
2.0	0.5	2.0	2.1	0.0	1.3	0.0	0.0	0.5	0.0	0.7	0.0	0.0	Belize
2.0	3.0	2.0	2.5	1.9	2.0	1.0	1.0	0.9	3.0	2.0	1.0	0.8	Brazil
2.0	2.0	2.0	0.0	1.1	1.3	0.0	0.0	0.0	3.0	0.0	0.0	0.0	Bulgaria
2.0	3.0	1.0	3.1	2.6	1.7	1.0	1.0	0.6	3.0	2.0	0.3	0.8	Chile
2.0	0.0	2.0	1.5	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	China
2.0	3.0	2.0	3.6	3.0	2.0	1.0	0.8	1.0	3.0	2.0	1.0	1.0	Colombia
1.0	2.0	2.0	3.6	2.6	1.3	0.5	0.5	0.9	3.0	2.0	1.0	1.0	Costa Rica
1.5	1.0	0.0	0.8	0.0	1.7	1.0	1.0	0.6	0.0	1.3	0.0	0.0	Croatia
2.0	3.0	2.0	2.1	1.5	2.0	1.0	0.5	1.0	3.0	2.0	0.5	0.8	Dominican Republic
1.5	2.5	2.0	1.4	1.9	1.3	0.5	0.3	0.8	0.0	2.0	0.8	0.5	Ecuador
2.0	3.0	2.0	3.5	3.0	1.3	1.0	1.0	0.8	3.0	2.0	0.0	0.8	Egypt
1.0	1.0	2.0	0.5	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	El Salvador
0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Ethiopia
1.0	0.0	2.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Gabon
2.0	2.0	2.0	0.0	0.0	1.3	0.0	0.0	0.4	0.0	0.0	0.5	0.0	Ghana
2.0	2.5	2.0	3.5	1.5	1.0	1.0	0.8	0.4	1.5	2.0	0.5	0.0	Hungary
2.0	3.0	2.0	4.0	3.0	2.0	1.0	1.0	1.0	3.0	2.0	1.0	1.0	Indonesia
2.0	2.5	2.0	2.0	1.9	1.3	1.0	1.0	0.0	3.0	2.0	0.5	0.0	Kenya
2.0	2.0	2.0	1.9	0.8	1.0	0.0	0.3	0.0	1.5	0.7	0.0	0.3	Korea
2.0	0.0	2.0	0.4	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Lebanon
2.0	3.0	2.0	3.3	1.9	1.3	1.0	0.0	0.6	3.0	2.0	0.0	0.0	Malaysia
1.5	2.5	2.0	3.8	2.6	2.0	1.0	0.8	0.8	3.0	2.0	0.5	0.3	Mexico
2.0	3.0	2.0	2.3	1.5	1.3	1.0	0.3	0.3	3.0	2.0	0.3	0.3	Morocco
2.0	3.0	2.0	0.9	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Nigeria
2.0	3.0	2.0	0.4	0.0	0.3	1.0	0.0	0.5	3.0	1.3	0.0	0.0	Pakistan
2.0	0.0	2.0	1.1	0.8	1.7	0.0	0.0	0.5	1.5	1.0	0.8	0.0	Panama
1.0	1.5	1.0	2.0	2.6	1.7	0.5	1.0	0.0	3.0	1.3	0.5	0.3	Paraguay
2.0	3.0	2.0	3.0	2.3	1.3	1.0	1.0	0.6	3.0	2.0	0.3	0.3	Peru
2.0	2.0	2.0	3.9	3.0	2.0	1.0	1.0	1.0	3.0	2.0	1.0	1.0	Philippines
2.0	3.0	2.0	3.1	1.9	1.3	1.0	1.0	0.0	3.0	1.3	0.0	0.0	Poland
2.0	3.0	2.0	1.5	2.6	2.0	0.5	1.0	0.6	3.0	2.0	0.5	1.0	Romania
2.0	2.5	2.0	1.5	1.9	1.3	1.0	0.0	1.0	0.0	1.3	0.0	0.0	Russia
2.0	3.0	2.0	2.0	1.5	1.3	1.0	1.0	0.9	0.0	2.0	0.5	0.5	South Africa
1.5	2.0	0.0	0.6	0.0	1.0	0.5	0.0	0.0	1.5	0.7	0.3	0.0	Sri Lanka
2.0	1.0	2.0	1.0	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Tanzania
2.0	2.0	2.0	2.5	1.9	1.0	1.0	1.0	0.5	3.0	2.0	0.0	1.0	Thailand
2.0	0.0	2.0	1.9	1.1	1.3	1.0	0.5	0.3	1.5	2.0	0.0	1.0	Tunisia
2.0	3.0	2.0	3.6	2.6	2.0	1.0	1.0	0.8	3.0	2.0	1.0	1.0	Türkiye
2.0	3.0	2.0	4.0	2.6	2.0	1.0	1.0	0.9	3.0	2.0	0.5	1.0	Uruguay
2.0	0.0	2.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Vietnam
1.5	2.5	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Zambia

Table 3
Active Investor Relations Programs

Country	IR Program Launching Year	Location
Tunisia	1994	Central Bank of Tunisia
Mexico	1995 / Upgraded 2015 and 2022	Ministry of Finance and Public Credit
Brazil	April 1999 2001	Central Bank of Brazil The National Treasury
Nigeria	2000	Debt Management Office
The Philippines	July 2001	Central Bank of the Republic of the Philippines
Thailand	2002	Public Debt Management Office
Türkiye	August 2005	Ministry of Treasury and Finance
Indonesia	2005 / Upgraded 2006	Bank Indonesia
Peru	April 2006	Ministry of Economy and Finance
Morocco	December 2007	Ministry of Economy and Finance
Colombia	2008 / Upgraded 2010	Ministry of Finance and Public Credit
Chile	Upgraded 2009 and 2012	Ministry of Finance
Poland	February 2009	Ministry of Finance
The Dominican Republic	September 2009 / Upgraded 2018	Ministry of Finance
Panama	April 2011	Ministry of Economy and Finance
Uruguay	2009 / Upgraded April 2011	Ministry of Economy and Finance
South Africa	June 2011	National Treasury
Egypt	2016	Central Bank of Egypt
Russian Federation	2016	Central Bank of Russia
Ukraine	2018	Ministry of Finance
Costa Rica	2017	Ministry of Finance
Ghana	N/A	Ministry of Finance
Lebanon	N/A	Ministry of Finance
Romania	2016	Ministry of Finance
South Korea	N/A	Ministry of Economy and Finance
Ecuador	2019 / Upgraded 2021	Ministry of Economy and Finance
Zambia	2020	Ministry of Finance
Kenya	2020 / Upgraded 2021	National Treasury

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ANNEX III. Evaluation Criteria for Investor Relations Programs

This section describes the 23 criteria used to assess Investor Relation (IR) practices (see Table A.1 below).

1. Presence of a formal IRP

A formal Investor Relations Program (IRP) is characterized by an Investor Relations Office (IRO), designated IR officers, and an IR website. The office may be an independent entity or a department within another financial agency, such as the Ministry of Finance (or Treasury), or Central Bank. Most IROs maintain a separate website; however, in some cases IRO's share a website with another government agency. In some cases, a country can have institutionalized IR activities without having a formal IRP. The country must have these functions built into the existing framework of the Central Bank, Ministry of Finance, or government agency responsible for debt management. There must be staff responsible for communication with investors who fulfill these duties and are recognized by investors as reliable and accessible.

2. IR staff identifiable and reachable through website(s)

One or more official websites must contain contact information of at least one individual identified as an IR staff member and available to receive investor questions or comments. The information should be clearly marked, and easy to access; and could be publicized through social media sides. The appropriate official may be either a designated IR officer or responsible for investor communications as one of his or her core duties. General information for webmasters or staff listings of those who are not responsible for IR functions does not meet this criterion.

3. Dedicated IR website available in both the local language and English

Countries should have a dedicated IR website which is regularly updated in both the local language and English.

4. Central bank, Ministry of Finance and/or Economy or Treasury, and Statistics Office websites available in English

The Central Bank, the Ministry of Finance and/or Economy (or Treasury), and Statistics Office websites must be in English.

5. Reciprocal links to IRO, Debt Management Office, Central Bank, and Ministry of Finance and/or Economy websites

Key websites include the IRO, Debt Management Office, Central Bank, and Ministry of Finance and/or Economy (or Treasury) websites. This criterion is not met if one agency website contains links, but others do not reciprocate. Additional links to government agencies such as national statistics office are recommended but not required to meet this criterion.

6. Investors able to register for website subscription

Investors can register on the IRO, Central Bank, or Ministry of Finance and/or Economy (or Treasury) website to subscribe to the website and receive relevant information such as data releases, policy information, or notices about roadshows or conference calls on a regular basis via email.

7. Country subscribes to SDDS/SDDS Plus

The country must subscribe to the IMF's SDDS, which was established by the IMF to guide members that have or that might seek access to international capital markets in the provision of their economic and financial data to the public. The SDDS identifies four dimensions of data dissemination: (1) data coverage, periodicity, and timeliness; (2) access by the public; (3) integrity of the disseminated data; and (4) quality of the disseminated data. For each dimension, the SDDS prescribes two to four monitorable elements—good practices that can be observed, or monitored, by the users of statistics. Countries are strongly encouraged to subscribe to the IMF's SDDS Plus.

8. Effective data transparency of key elements

Country authorities must disseminate key data related to central government operations, central government debt, and external debt in a timely manner, with the latest figures being no more than 12 months old. In terms of periodicity, data should be available at a quarterly frequency. This criterion is directly associated with the performance in the IIF data transparency index. The effectiveness of dissemination has been evaluated on a 4-point scale, with the maximum points awarded to countries with the highest levels of data transparency.

9. Enhanced transparency practices

Country authorities should disseminate granular data on debt beyond the central government's debt obligations. The IIF Best Practices for Investor Relations identify five areas of enhanced data dissemination practices directly associated with the performance in the IIF data transparency index. The effectiveness of dissemination has been evaluated on a 4-point scale, with the maximum points awarded to countries with the highest levels of data transparency:

(1) Debt coverage should include:

   a. Publicly guaranteed debt
   b. Local and state government debt
   c. State-owned Enterprises' (SOEs') debt
   d. Off-balance sheet liabilities, contingent public-sector liabilities related to public-private partnerships (PPPs), pension obligations, central bank repos and swap lines
   e. Collateralized/resource-backed debt
   f. Long-term trade credits

(2) Creditor and currency composition of public external debt by instrument, both for domestic and external debt.

(3) Debt service profile by creditor and instrument, both for domestic and external debt.

(4) Data on debt stock and debt service profile on a quarterly frequency

(5) A publicly accessible database of their domestic and external bond prospectuses, and transaction-level data on loan contracts with all external creditors.

10. Data presented in market-friendly format

To qualify for this criterion, macroeconomic and ESG data are presented in a format that can be easily manipulated in Microsoft Excel. Some data should be available in time series. Policy information is provided on one or more websites in a clear, succinct format that delivers the central points that authorities are seeking to convey. Countries must provide data and policy information on one or more websites in English.

11. Historic policy information available

Investors are able to locate recent retrospective policy information for various areas of data per the IMF's SDDS. These can be annual issuance reports, financial stability reports, the central bank's or Ministry of Finance's annual report, debt management reports, or historical borrowing plans.

12. Forward-looking policy information available

Investors are able to identify the country's economic policy planning through the presentation of comprehensive economic outlook reports for the relevant period. This includes the identification of monetary and fiscal policy objectives, as well as assumptions of the economic variables relevant for the individual country. Reporting should also include an assessment of the environmental impacts of budgetary and fiscal policies, key debt management strategy, annual borrowing plans and issuance calendar.

13. Structural information available

Information on structural factors (e.g., legal, regulatory, governance frameworks) supported by the data must be available as appropriate.

14. Dissemination of ESG Data and Policy Information

Countries should maintain a timely flow of information on governments' ESG policies and progress and should disseminate information on the environmental and social dimensions of budgetary and fiscal policies. This includes disclosure of climate commitments, targets, forecasts, scenarios, and outcomes in a clear and timely manner. This criterion is directly associated with the performance in the IIF data transparency index. The effectiveness of dissemination has been evaluated on a 4-point scale, with the maximum points awarded to countries with the highest levels of data transparency.

15. Active investor contact list

Country authorities maintain a list of investors to meet this criterion. Ideally, authorities update and maintain their investor contact lists at least twice annually and the officials from one or more government agencies should distribute policy and macroeconomic information to the investor list via email at least every two weeks. This information should include updated information on governments' ESG policies and progress.

16. Web-based communication with investors

Authorities respond to investor queries or concerns via e-mail, or via an HTML-based feedback mechanism. To meet this criterion, either a general email box, specific email address or HTML- based form must be provided on the IRO, Central Bank, or Ministry of Finance (or Treasury) websites. Responses should be received within 36 hours to fulfill this criterion.

17. Bilateral meetings with investors

Country authorities conduct bilateral meetings with investors on a regular basis. The meetings may be held domestically or abroad.

18. Non-deal roadshow(s)

Country authorities must conduct one or more non-deal roadshows annually.

19. Investor conference call(s)

Country authorities conduct regular investor conference calls on key economic data and policies at least every quarter. To qualify for this criterion, the call must be public. Investors should be invited via email and/or an announcement on a government agency website. The call should be led by the IRO head and senior department heads, with involvement of senior policymakers such as the head of the Debt Management Office, Undersecretary of Finance or Deputy Governor of the Central Bank as needed. “Closed” calls, meaning that only a small group of investors is invited, and the date and time of the call is not published on the website, do not qualify for this criterion.

20. Investor feedback reflected in policy decisions

To fulfill this criterion, senior policymakers should have taken market input into account in their policy decisions. This criterion has been assessed on the basis of survey responses by country authorities and does not account for investor perceptions of whether feedback has been reflected in policy decisions.

21. Senior policymakers accessible to investors

Participation by senior policymakers (Minister, Central Bank Governor, or one of their deputies) is necessary when appropriate. Increasing involvement of senior policymakers is particularly significant at times of diminishing market confidence.

To meet this criterion senior policymakers must be involved in at least two of the following three activities: (1) conference calls, (2) bilateral meetings, and (3) non-deal roadshows.

22. Archives of investor presentations and/or conference call related materials available on websites

Relevant official websites must contain an archive of materials presented to investors at roadshows, conference calls, or other meetings or seminars. Materials may include conference call replay and associated documents, investor presentations, and transcripts of speeches by key policymakers.

23. Regular self-assessment of IRP

Country authorities must conduct regular self-assessments of their IR efforts on an annual basis to identify successes and gaps. The self-assessment may be conducted through a survey distributed to the entire investor base or to a representative sample of the investor base.

Table A.1: Classification of IR Evaluation Criteria

Best Practice		criteria evaluated in this report
I.	IRO/staff	Presence of a formal IRP
		IR staff identifiable and reachable through websites
II.	IR website	Dedicated IR website in both the local language and English
		Central Bank and government agency websites available in English
		Reciprocal links to Central Bank, Debt Management Office, Ministry of Finance, and other
		Investors able to register for website subscription
III.	Dissemination of macroeconomic data	Country subscribes to SDDS/SDDS Plus
		Effective data transparency of key elements
		Enhanced transparency practices
		Data presented in market-friendly format
IV.	Dissemination of macroeconomic policy information	Historic policy information available
		Forward-looking policy information available
		Structural (legal, regulatory) information available
V.	Dissemination of ESG information	ESG data and policy information
VI.	IR contact list	Active investor contact list
VII.	Feedback and communication channels	Web-based communication with investors
		Bilateral meetings with investors
		Non-deal roadshows
		Investor conference calls
		Investor feedback reflected in policy decisions
		Senior policymakers accessible to investors
		Archives of investor presentations and conference call materials available on websites
VIII.	Regular self-assessment	Regular self-assessment of IRP

Source: IIF

ANNEX IV. Scoring Methodology

Based on discussions with investors, a weighting system was developed reflective of the relative importance of different criteria from an investor perspective (Table A.2). With the maximum IR score possible 50, each country was assigned a score based on the number of criteria it met and the weighting of those criteria. Table A.3 outlines the weight allocated to each data dissemination criterion. Table A.4 outlines the weight allocated to ESG data and policy dissemination criterion. Detailed scores have been included and disaggregated per the tables below.

Table A.2: Weighting of IR Criteria *

Weight	IR Criteria
4	Effective data transparency of key elements (See Table A.3)
4	Enhanced transparency practices (See Table A.3)
4	ESG data and policy information (See Table A.4)
3	IR staff identifiable and reachable through websites
	If there is a name of Contact (Head of IR Office or any IR staff) on the website
	If there is an email address
	If there is a phone number - mobile or landline
3	Dedicated IR website in both the local language and English
	If there is evidence of an IR website available in English
	If there is evidence that the IR website is in English and regularly updated
	If there is evidence that the IR website is available in the local language
	If there is evidence that the IR website in the local language is regularly updated
3	Central bank and government agency websites available in English
	If there is evidence of a Central Bank Website in English
	If there is evidence of a Ministry of Finance and/or Economy or Treasury website in English
	If there is evidence of a Statistics Office website in English
3	Forward-looking policy information available
	If there is evidence of a Debt management strategy/planning report (forward-looking)
	If there is evidence of an annual borrowing and issuance calendar (forward-looking)
	If there is evidence of long-term debt projections
3	Active investor contact list
	If there is evidence that the country has developed an investor contact list
	If the country updates and maintains its investor contact lists at least twice annually
	If policy and macroeconomic information is sent to the investor list via email at least every 2 weeks
	If there is evidence that information distributed to the investor list includes ESG policies progress
3	Investor feedback reflected in policy decisions
2	Presence of formal IRP
	If there is evidence that the country has an Investor Relations Office
	If there is evidence that the country has an IR website
2	Data presented in market-friendly format
	If there is evidence that macroeconomic data are presented in a market-friendly format (Ms. Excel)
	If there is evidence that ESG Data are presented in a market-friendly format (Microsoft Excel)
	If countries provide data and policy information on one or more websites in English
	If policy information is provided on one or more websites in a clear, succinct format
2	Historical policy information available
	If there is evidence of a Debt management strategy/financial stability/ annual report
	If there is evidence of an annual issuance/planning report (historical borrowing)
2	Structural (legal, regulatory) information available
2	Senior policymakers accessible to investors
	If there is evidence that senior officials participate in the non-deal roadshows
	If there is evidence that senior officials participate in investor conference calls
	If there is evidence that senior officials participate in bilateral meetings
2	Web-based communications with investors
	If a general email box, specific email address, or HTML- based form is provided on the IRO/Agency
	If there is evidence that the IRO has an active social media platform to engage with investors
	If there is evidence of inquiries/questions being responded to within 36 hours

Table A.2: Weighting of IR Criteria * (Continued)

Weight	IR Criteria
1	Reciprocal links to Central Bank, Ministry of Finance, and other government agency websites
	If there is a link from the IRO to the Central Bank (or from the Central Bank to another agency)
	If there is a link from the IRO to the Debt Management Office (or from the DMO to another agency)
	If there is a link from the IRO to the Ministry of Finance (or from the MoF to another agency)
	If there is a link from the IRO to the Statistics Office (or from the Statistics Office to another agency)
1	Investors able to register for website subscription
1	Bilateral meetings with investors on a regular basis
1	Non-deal roadshows
	If there is evidence that country authorities conducted one or more non-deal roadshows annually
	If there is evidence that authorities plan to conduct non-deal roadshows in the current and next year
1	Investor conference calls
	If there is evidence that investor conference calls are conducted at least every
	If there is evidence that investor conference calls are conducted publicly
	If there is evidence that investors are invited via email
	If there are announcements of upcoming public teleconferences on a government website in advance
1	Country subscribes to SDDS/SDDS Plus (See Table A.3)
1	Archives of investor presentations and conference call materials available on websites
	If archives of presentation materials related to the non-deal road shows are posted on the web
	If there is evidence that the investor conferences calls are archived on a government website
1	Regular Self-Assessment of IRP
	If authorities conduct regular assessments of their IR efforts/program on an annual basis
	A self-assessment is conducted of the entire investor base or a representative sample annually

**Each sub-category per criteria has an equal weight*
Source: IIF

Table A.3: Weighting of Data Dissemination Criteria

Criteria		Weight
I.	**Country subscribes to SDDS**	**1**
	SDDS Subscription	0.5
	SDDS Plus Subscription	0.5
II.	**Effective data transparency of key elements**	**4**
	Central Government Operations	1
	Timeliness	0.25
	Periodicity	0.25
	Time series availability	0.25
	Breakdown by domestic and external financing	0.25
	Central Government Debt	1
	Timeliness	0.25
	Periodicity	0.25
	Time series availability	0.25
	Breakdown by domestic and external debt	0.25
	External Debt	2
	Timeliness	0.25
	Periodicity	0.25
	Time series availability	0.25
	Resident holdings of public debt issued internationally	0.25
	Non-resident holdings of public debt issued domestically	0.25
	Non-resident holdings of private debt issued domestically	0.25
	Amortization schedule timely and available	0.25
	Breakdown by sector (private and public)	0.25
III.	**Enhanced transparency practices**	**4**
	Broader debt coverage	**2**
	a. Publicly guaranteed debt	
	b. Local and state government debt	
	c. State-owned Enterprises' (SOEs') debt	
	d. Off-balance sheet liabilities, contingent public-sector liabilities related to public-private partnerships (PPPs), pension obligations, central bank repos and swap lines	
	e. Collateralized/resource-backed debt	
	f. Long-term trade credits	
	Creditor and currency composition of public external debt by instrument, both for domestic and external debt	0.5
	Debt service profile by creditor and instrument, both for domestic and external debt	0.5
	Debt stock and debt service profile on a quarterly frequency	0.5
	Domestic and external bond prospectuses	0.25
	Transaction-level data on loan contracts with all external creditors	0.25
IV.	**ESG data**	**2**
	Information on the environmental and social dimensions of budgetary and fiscal policies (See Table A.4)	
V.	**Data presented in market-friendly format (See Table A.2)**	**2**

Source: IIF

Table A.4: Weighting of ESG Data and Policy Dissemination Criteria

Criteria	Weight
Dissemination of ESG data and policy information	**4**
ESG data	**2**
Information on the environmental and social dimensions of budgetary and fiscal policies	**1**
Timeliness	0.25
Periodicity	0.25
Information on the environmental and social dimensions of budgetary and fiscal policies	0.25
Forward-looking policy information assessing the environmental impacts of budgetary and fiscal policies	0.25
ESG debt issuances and supporting documents	**1**
Time series availability	0.25
Prospectus	0.25
Impact documentation (expected and realized)	0.25
Third-party verification documents	0.25
ESG policy	**2**
Disclosure of climate/SDG commitments and targets	0.5
Progress towards commitments – disclosure of climate/SDG forecasts and scenarios	0.5
ESG-related country specific statistics to guide investors' ESG risk assessments	0.5
Investor feedback is factored into future decisions on ESG-related information sharing	0.5

Source: IIF

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