EXECUTIVE SUMMARY

In March 2017, against the backdrop of rising debt vulnerabilities, G20 countries endorsed and committed to promote the G20 Operational Guidelines for Sustainable Financing (henceforth referred to as “the Guidelines”). The aim of these guidelines is to “enhance access to sound financing for development while ensuring that sovereign debt remains on a sustainable path by fostering information-sharing and cooperation among borrowers, creditors and international financial institutions, as well as learning through capacity building”. The G20 members called upon the IMF and the World Bank for assistance with a voluntary self-assessment survey of the implementation of the Guidelines, which was launched in late 2018 and benefitted from extensive participation, including by non-G-20 members.

This note, produced jointly by IMF and World Bank staff, follows up on the survey of the implementation of the Guidelines. The IMF and the World Bank were tasked to assist in summarizing the responses, to help the G20 to gauge progress in their implementation, and to propose policy options to further promote sustainable financing based on the questionnaire and other available information.

The contribution of this note is two-fold:

i. It proposes a set of practices that will allow creditors to evaluate their own performance and their level of compliance with the Guidelines. The practices were derived using language in the Guidelines. In formulating concrete actions for implementing the practices and dividing them in the three levels of achievement, staff also drew on a variety of other sources of international practices.

ii. It provides a first assessment of how well G20 and other creditors who responded to the survey are adhering to the Guidelines. This preliminary assessment suggests that implementation of practices is in general strong or sound, with some areas for improvement. Practices that could be strengthened are information sharing and transparency and ensuring consistency with IMF and World Bank debt limits.

There are several next steps G20 members could consider. Having reflected on these preliminary results and staff’s initial calibration of a framework, the G20 may wish to provide feedback about how the practices and the assessment against the same practices, have been cast. Substantive feedback could be used to update the framework
and results. Note that in the event any G20 member would wish to do or redo the evaluation at a future point in time, the questionnaire would no longer be necessary; rather direct reference could be made to the practice-by-practice descriptions.
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INTRODUCTION

1. This note establishes practices for all principles defined in the G20 Operational Guidelines for Sustainable Financing, henceforth referred to as “the Guidelines”, and assesses performance against those practices using the self-assessment. It classifies implementation of these practices into “strong”, “sound”, and “with considerable room for improvement”. “Sound” and, in some instances, “strong” practices represent staffs best understanding of the thrust of the G20 Guidelines. International practices on public financial or debt management, such as the Public Expenditure and Financial Accountability (PEFA), the Public Investment Management Assessment (PIMA), the Fiscal Transparency Code and Evaluations (FTC and FTEs), or the Debt Management Performance Assessment (DeMPA) inform the definition or classification of some practices.

2. The self-assessment has benefitted from extensive participation by creditors, including by non-G-20 members. A total of 15 G20 members (covering 37 lending agencies) and 5 non-members of the G20 (covering 12 agencies) responded. Most of those surveyed provide credit to developing countries through several lenders, each pursuing different types of credit activities. Most commonly, Export Credit Agencies (ECAs) cover exporters or commercial banks against market risk and political risks. Many of those surveyed also extend official credit for development, including through grants managed by development and economic cooperation agencies.

3. Results suggest that implementation of practices are in general strong or sound, with some areas for improvement. A preliminary mapping of responses to the questionnaire to the identified practices suggests that areas in which lending practices could be strengthened are information sharing and transparency and ensuring consistency with IMF and World Bank debt limit policies. Implementation of some practices could not be assessed on the basis of the questionnaire.

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1See Annex I.

2 Henceforth in the note each “respondent” represents one G-20 member or non-member of the G20 and all its government agencies providing external official financing. “Share of respondents” throughout the note hence refers to the share of the total of responding G-20 members or non-members of the G20, respectively.
G20 SUSTAINABLE FINANCING GUIDELINES: KEY DIMENSIONS AND SUPPORTING PRACTICES

4. The practices identified in this note are based on the five key dimensions of the Guidelines. They apply to direct lending from a government or an agency acting on its behalf, to another government or an agency acting on its behalf.3 Their essence and rationale are as follows:

- **1. Adequacy of financing**, recognizing the link between the provision of appropriate financing and the borrower’s debt sustainability. When providing new financing in the form of loans and guarantees, creditors should take due account of the borrower’s debt sustainability prospects, to guide lending volumes and financial terms with the aim to assist in safeguarding debt sustainability. Creditors that provide a menu of financing terms can help debtors to better manage risks. If lending on collateralized terms, the reduced risk should be reflected in improved financial terms, the collateral structures should not breach applicable negative pledge clauses (NPCs), and the focus should be on related asset or revenue streams.

- **2. Information sharing and transparency**, by facilitating information sharing with other creditors, including relevant IFIs, reconciling debt data with the borrowers, and supporting compliance with legal requirements in the borrowing country. Creditors can play an important role in improving debt data through timely disclosures of reliable and comprehensive debt information to the public, and by reconciling data on a regular basis with borrowers and IFIs. The use of publicly available templates for financing agreements and abstention from confidentiality clauses would also promote debt transparency. Creditors should also follow a due diligence process when providing new financing and ensure that borrowing decisions are taken in accordance with the borrowing country’s legal framework. In cases of debt restructuring, details including the amount and terms of restructuring should be published.

- **3. Consistency of financing with the IMF and the World Bank’s debt limit policies, and support of debt restructuring when needed, including with technical assistance (TA).** As shareholders in the IMF and the World Bank, official bilateral creditors should on a best effort basis confirm with the borrowing authorities that their financing is consistent with the IMF’s Debt Limit Policy (DLP), the International Development Association’s Non-Concessional Borrowing Policy (NCBP), and the World Bank’s Negative Pledge Clause (NPC). In cases where the debtor decides to conduct a debt restructuring, a collaborative approach, based on a clear underlying framework, may reduce the length and costs of the restructuring process. Finally, when debt-related technical capacity is weak, the creditor should seek to improve capacity of borrowers by providing TA in coordination with the IMF and the World Bank or supporting the provision of technical assistance, to allow them to take better informed decisions.

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3Agencies acting on the government’s behalf includes development banks, export credit agencies, and foreign aid agencies.
4. Coordination of stakeholders, encouraging creditors to actively engage in dialogue on debt related developments and issues with other bilateral and multilateral creditors. Creditors are encouraged to participate in international fora where debt issues are discussed, as well as assume an active role as stakeholders of IFIs.

5. Strengthening resilience, asking creditors to contribute to promote more resilience into their borrower’s debt portfolio. This can be achieved by offering and promoting innovative and resilient financing instruments, and by preventing abusive legal practices by holdout creditors.

These five dimensions, with their associated practices, capture a full cycle associated with sustainable financing, summarized in Figure 1.

![Figure 1. Dimensions of Sustainable Financing Practices](image)

6. To operationalize an assessment of G20 countries implementation of the Guidelines, staff have derived 17 implementation practices from the Guidelines (Figure 1 and Table 1), which have each been divided into three different levels of achievement. In general, the distinction is as follows: (i) strong practices set a high standard which in view of IMF and World Bank staff further enhance sustainable lending practices; (ii) sound practices support the implementation of the Guidelines; and (iii) practices with considerable room for improvement are those practices that do not meet the minimum requirements for the implementation of the Guidelines. Figure 2 summarizes the approach.
7. In deriving the 17 practices and subsequently assessing performance against them using the responses to the questionnaire, staff applied judgment on several levels. The practices were derived from the language in the Guidelines. In formulating the concrete actions for implementing the practices and dividing them in the three levels of achievement, staff also drew on a variety of other sources of international practices. The mapping between the proposed practices and the survey questions is not always perfect and, overall, the process required the use of judgment in assessing performance. A detailed description of the methodology used in assessing performance against each practice can be found in Annex III.

8. Information was not always available to allow for a precise classification and for two practices the questionnaire did not provide information. All practices have nevertheless been retained in the framework as they are key in operationalizing the Guidelines and can guide future self-assessment exercises. Table 1 gives an overview of all principles and practices.

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4These include international practices on public financial or debt management, such as the Public Expenditure and Financial Accountability (PEFA), the Public Investment Management Assessment (PIMA) or the Debt Management Performance Assessment (DeMPA). In addition, existing guidelines established by other international bodies were taken into account (Annex I). For example, the practices for 1.1. on assessing debt sustainability is consistent with the financing frameworks of several IFIs and UNCTAD’s Principles. of the practices 2.1.1. on debt transparency are informed by criteria underpinning the Aid Transparency Index. The practices of 2.2. are informed by DPIs 1 of the Debt Management Performance Assessment. Practice 3.1 is consistent with the OECD’s Recommendation on Sustainable Lending.
## Table 1. Overview of Sustainable Financing Practices

<table>
<thead>
<tr>
<th>1. Adequacy of Financing</th>
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</thead>
<tbody>
<tr>
<td><strong>1.1. Safeguarding debt sustainability</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Strong</strong> The creditor has an internal framework for debt sustainability assessment, also informed by private sector or IFIs existing frameworks, which guides borrowing volumes and terms.</td>
<td></td>
</tr>
<tr>
<td><strong>Sound</strong> The creditor has an internal framework for debt sustainability assessment in place, which guides borrowing volumes and terms.</td>
<td></td>
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<tr>
<td><strong>Room for Improvement</strong> The creditor has no framework for assessing the impact of financing on a country's debt sustainability in place.</td>
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</tr>
<tr>
<td><strong>1.2. Providing various financing options - by making available various financing alternatives</strong></td>
<td></td>
</tr>
<tr>
<td><strong>1.2.1. Flexible financing options</strong></td>
<td></td>
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<tr>
<td><strong>Strong</strong> Creditor provides a range of financing terms that enable borrowers to mitigate risks of the debt portfolio at reasonable costs.</td>
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</tr>
<tr>
<td><strong>Sound</strong> Creditor provides a limited menu of financing terms to borrowers.</td>
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</tr>
<tr>
<td><strong>Room for Improvement</strong> Creditors do not provide for much flexibility on financing terms.</td>
<td></td>
</tr>
<tr>
<td><strong>1.2.2. Provision of collateralized debt</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Strong</strong> Creditor uses best efforts to ensure collateralization structure does not breach applicable NPCs, provides full transparency on the contractual terms of the collateralized debt, focuses on related assets or revenue streams, and the reduced risks resulting from collateralization are reflected in the improved financial terms.</td>
<td></td>
</tr>
<tr>
<td><strong>Sound</strong> Creditor uses best efforts to ensure collateralization structure does not breach applicable NPCs, focuses on related assets or revenue streams, and provides full transparency on the contractual terms of the collateralized debt.</td>
<td></td>
</tr>
<tr>
<td><strong>Room for Improvement</strong> Collateralized lending is provided without due regard to its cost and information is not publicly available.</td>
<td></td>
</tr>
<tr>
<td><strong>2. Information-sharing and transparency</strong></td>
<td></td>
</tr>
<tr>
<td><strong>2.1. Building a common understanding of the macroeconomic and financial situation of the borrower country—by enhancing information sharing by creditors</strong></td>
<td></td>
</tr>
<tr>
<td><strong>2.1.1. Sharing information on existing and new lending</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Strong</strong> A government agency collects and publishes loan-by-loan information on its country’s official creditor agencies vis-a-vis borrowers yearly on a single website, and within three months on new lending, including financial terms.</td>
<td></td>
</tr>
<tr>
<td><strong>Sound</strong> Government creditor agencies disclose loan-by-loan information, including financial terms, to the IMF and the World Bank, on existing exposure to borrowers and new lending at least on an annual basis.</td>
<td></td>
</tr>
<tr>
<td><strong>Room for Improvement</strong> No or limited information on exposure and new lending is made available on a yearly basis.</td>
<td></td>
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<tr>
<td><strong>2.1.2. Creditors reconciling data with borrowers and IFIs</strong></td>
<td></td>
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<tr>
<td><strong>Strong</strong> Creditor data reconciliation with borrowers and IFI is undertaken at least on an annual basis.</td>
<td></td>
</tr>
<tr>
<td><strong>Sound</strong> Creditor data reconciliation with borrowers is undertaken on an annual basis.</td>
<td></td>
</tr>
<tr>
<td><strong>Room for Improvement</strong> No regular creditor data reconciliation with borrowers and/or IFIs.</td>
<td></td>
</tr>
<tr>
<td><strong>2.1.3. Contractual Clauses</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Strong</strong> The creditor uses publicly available templates for financing agreements and refrains from confidentiality clauses.</td>
<td></td>
</tr>
<tr>
<td><strong>Sound</strong> The creditor refrains from using confidentiality clauses affecting information to the IMF and the World Bank.</td>
<td></td>
</tr>
<tr>
<td><strong>Room for Improvement</strong> The creditor uses comprehensive confidentiality clauses.</td>
<td></td>
</tr>
<tr>
<td><strong>2.2. Encouraging borrowing countries to continue to enhance fiscal transparency and public debt management</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Strong</strong> In addition to ensuring that the borrower meets its own legal requirements, the creditor verifies that lending operations are adequately disclosed. If this is not the case, the creditor does not proceed with the operation.</td>
<td></td>
</tr>
<tr>
<td><strong>Sound</strong> The creditor verifies that the lending operation is in adherence with primary and secondary legislation and that the amount of financing appropriately reflects the value of the project. If this is not the case, the creditor does not proceed with the operation.</td>
<td></td>
</tr>
<tr>
<td><strong>Room for Improvement</strong> The creditor proceeds with lending operation without enquiring whether the debtor has followed due diligence and included the loan in its debt data.</td>
<td></td>
</tr>
<tr>
<td><strong>2.3. Promoting disclosure of information on past restructurings</strong></td>
<td></td>
</tr>
<tr>
<td><strong>2.3.1. Post-restructuring data reconciliation</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Strong</strong> The creditor conducts a post-debt restructuring data reconciliation with the borrower, ensuring public availability and accurate reflection of changed terms and conditions in the official debt data.</td>
<td></td>
</tr>
<tr>
<td><strong>Sound</strong> The creditor conducts a post-debt restructuring data reconciliation with the borrower, ensuring accurate reflection of changed terms and conditions in the official debt data.</td>
<td></td>
</tr>
<tr>
<td><strong>Room for Improvement</strong> Data reconciliation exercise is not undertaken with the borrower.</td>
<td></td>
</tr>
</tbody>
</table>
### Table 1. Overview of Sustainable Financing Practices (continued)

<table>
<thead>
<tr>
<th>2.3.2. Public disclosure of participation in debt restructuring</th>
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</thead>
<tbody>
<tr>
<td><strong>Strong</strong></td>
<td>The creditor publishes information about its participation in debt restructurings, and details on its contribution, including amounts and changes in terms, in a press release or on the agency's web site.</td>
</tr>
<tr>
<td><strong>Sound</strong></td>
<td>The creditor makes public its participation in debt restructuring in a press release or the agency's web site.</td>
</tr>
<tr>
<td><strong>Room for Improvement</strong></td>
<td>The creditor does not make public its participation in debt restructuring.</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>3. Consistency of financial support</th>
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<tbody>
<tr>
<td><strong>3.1. Providing financing consistent with IMF/WB debt limit policies</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Strong</strong></td>
<td>The creditor seeks, <em>on a best effort basis</em>, assurances with the appropriate borrowing country authorities that the new financing is consistent with the IMF’s debt limit policy, the IDA’s Non-Concessional Borrowing Policy, and the World Bank’s NPC, and clarifies any technical questions with the IMF and/or World Bank as needed.</td>
</tr>
<tr>
<td><strong>Sound</strong></td>
<td>The creditor seeks, <em>on a best effort basis</em>, assurances with the appropriate borrowing country authorities that the new financing is consistent with the IMF’s debt limit policy, the IDA’s Non-Concessional Borrowing Policy, and the World Bank’s NPC.</td>
</tr>
<tr>
<td><strong>Room for Improvement</strong></td>
<td>The creditor does not seek <em>on a best effort basis</em> to ensure compliance with the IMF’s DLP, the IDA’s NCBP, or the World Bank’s NPC when contemplating new financing operations.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3.2. Committing to the long-term debt sustainability of borrowing countries – by facilitating smooth debt restructurings when needed.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strong</strong></td>
<td>The creditor has a debt restructuring framework in place, that is conducive to providing required relief in a relatively in a timely fashion, and participating in a collaborative approach with other creditors, when appropriate.</td>
</tr>
<tr>
<td><strong>Sound</strong></td>
<td>The creditor has a debt restructuring framework in place.</td>
</tr>
<tr>
<td><strong>Room for Improvement</strong></td>
<td>The creditor does not have a debt restructuring framework in place.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3.3. Providing technical assistance on debt related issues.</th>
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<tbody>
<tr>
<td><strong>Strong</strong></td>
<td>If the creditor encounters insufficient understanding or capacity on the borrower’s side, technical assistance is either provided in coordination with the WB and IMF or requested from IFIs.</td>
</tr>
<tr>
<td><strong>Sound</strong></td>
<td>In every lending operation, the creditor takes steps to ensure the borrower’s understanding of the terms of the loan, including associated costs and the risks.</td>
</tr>
<tr>
<td><strong>Room for Improvement</strong></td>
<td>The creditor does not ensure the borrower’s understanding of terms of lending, including associated costs and risks.</td>
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</tbody>
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<thead>
<tr>
<th>4. Coordination of Stakeholders</th>
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<tbody>
<tr>
<td><strong>4.1. Conducting regular dialogue with stakeholders</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Strong</strong></td>
<td>In addition to participating in regular dialogue with other stakeholders through international meetings on debt related issues, the creditor promotes discussions on specific methodological or operational issues where relevant.</td>
</tr>
<tr>
<td><strong>Sound</strong></td>
<td>The creditor participates in dialogue with other stakeholders through international meetings on debt related issues.</td>
</tr>
<tr>
<td><strong>Room for Improvement</strong></td>
<td>The creditor does not engage in regular dialogue with other stakeholders.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>4.2. Facilitating dialogue among international financial institutions to promote coordinated policies</strong></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Strong</strong></td>
<td>The creditor takes steps to encourage interaction between the IMF, the World Bank, and other IFIs, and takes an active role in promoting coordination on debt related issues.</td>
</tr>
<tr>
<td><strong>Sound</strong></td>
<td>The creditor takes steps to encourage interaction between the IMF, the World Bank, and other IFIs.</td>
</tr>
<tr>
<td><strong>Room for Improvement</strong></td>
<td>The creditor does not promote inter-agency coordination.</td>
</tr>
</tbody>
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<thead>
<tr>
<th>5. Promoting of contractual and financial innovation and minimizing litigation issues to strengthen resilience</th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>5.1. Continuing to work on financial innovation in lending and enhancing resilience to shocks</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Strong</strong></td>
<td>In addition to supporting initiatives that explore and develop financing solutions to enhance resilience to shocks as a member of international fora, the creditor offers and promotes, when relevant, financial instruments that embed more resilience into the debt structure of the borrower country.</td>
</tr>
<tr>
<td><strong>Sound</strong></td>
<td>As a member of international fora, the creditor supports initiatives that explore and develop financing solutions enhancing resilience to shocks.</td>
</tr>
<tr>
<td><strong>Room for Improvement</strong></td>
<td>The creditor does not actively engage in exploring new innovative financing options.</td>
</tr>
</tbody>
</table>
Table 1. Overview of Sustainable Financing Practices (concluded)

<table>
<thead>
<tr>
<th>5.2. Promoting enhanced contractual clauses in foreign-law sovereign bond issuances</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strong</strong></td>
</tr>
<tr>
<td><strong>Sound</strong></td>
</tr>
<tr>
<td><strong>Room for Improvement</strong></td>
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<table>
<thead>
<tr>
<th>5.3. Addressing the challenges posed by some litigating creditors.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strong</strong></td>
</tr>
<tr>
<td><strong>Sound</strong></td>
</tr>
<tr>
<td><strong>Room for Improvement</strong></td>
</tr>
</tbody>
</table>

*Practices for which the information from the self-assessment survey allows for a general assessment but does not allow for a classification between “strong”, “sound” and “with significant room for improvement”. **Practices for which the self-assessment survey does not provide information for an assessment.

A PRELIMINARY ASSESSMENT OF STRENGTHS AND CHALLENGES OF LENDING PRACTICES OF THE G20 CREDITORS AND OTHER RESPONDENTS TO THE SELF-ASSESSMENT SURVEY

Based on the proposed implementation practices and the survey responses, this section highlights the main strengths and challenges of implementing sustainable lending practices of the G20 respondents and, separately, of the non-G20 respondents. Graphics are provided for practices for which the information from the self-assessment survey allows for a classification either between “strong”, “sound” and “with significant room for improvement”, or between “strong/sound” and “with significant room for improvement”. Further details are provided in Annex IV.

9. **Adequacy of Financing:** Strong implementation.

- By having at least an internal framework for assessing debt sustainability in place, all respondents are assessed as having at least “sound” practices in place for safeguarding debt sustainability and, by also being informed by at least one other external framework, most would also qualify as having “strong” practices in this respect. More than 70 percent of the respondents appear to also have at least “sound” practices in terms of debt sustainability analysis guiding lending volumes and terms.

- Based on the variety of financing instruments and grants, respondents appear to also do well in terms of providing flexible financing options by providing several types of loans and grants.
However, the self-assessment survey does not reveal whether the available options are simultaneously available to the borrower.

- The information from the self-assessment survey does not allow for an assessment of proposed practices for provision of collateralized debt.

10. **Information Sharing and Transparency:** Mixed.

- Most countries have at least “sound” practices in terms of sharing information on existing and new lending. About one third are reporting all aspects of terms as per OECD requirements, and information for all lending agencies consolidated in one web site, and are assessed to have “strong” practices. Over half of respondents are assessed to have “sound” practices. Respondents do somewhat less well in terms of reconciling data with borrowers and IFIs; about one fifth of respondents are assessed to have “significant room for improvement”.

- As regards promoting disclosure of information of past debt restructurings, well over half would be rated as “with significant room for improvement” in terms of reconciling post-restructuring debt data. However, over 70 percent of the respondents would be rated as at least “sound” in terms of publicly disclosing their participation in debt restructurings.

In this dimension, two practices could not be evaluated on the basis of the current questionnaire:

- On contractual clauses, there is currently no information to assess whether creditors refrain from using confidentiality clauses and use publicly available templates for financing agreements.
• Regarding *encouraging enhanced fiscal transparency and debt management*, the practice whether creditors verify approval processes are in line with legal requirements in the borrower country, if the amount of financing appropriately reflects the value of the project, and whether the loan is soundly accounted for in a country’s debt statistics could not be assessed using available responses.

11. **Consistency of Financial Support:** Sound implementation.

• In *providing financing consistent with IMF and World Bank debt limit policies*, all respondents indicate that they consider and strictly adhere to the IMF and World Bank debt limit policies in their lending operations. However, almost half of respondents do not seek assurance with the appropriate borrowing authorities that the new financing is indeed consistent with these policies.

![3:1 Consistency with IMF/World Bank debt policies](image)

• Creditors should also *facilitate smooth debt restructurings as needed* by having a debt restructuring framework in place that is conducive to provide debt restructuring in a timely fashion and through a collaborative approach. Survey responses do not allow to classify these practices. However, survey answers indicate that a majority of respondents have a framework in place to facilitate their participation in restructurings, which would be equivalent of at least “sound” practices.

• In addition, over two thirds of countries indicated that they provide *technical assistance on debt related matters*, either bilaterally or through increased support to multilateral agencies. The questionnaire, however, does not allow to assess to which extent creditors make efforts to ensure the borrower’s understanding of the terms of loans offered.

12. **Coordination of Stakeholders:** Strong or sound implementation.

• Practices in this dimension capture: i) *regular dialogue with other stakeholders* through international meetings on debt related issues, and ii) *facilitating dialogue among international financial institutions to promote coordinated policies*. The survey questions do not allow for a classification between “strong” and “sound” of these two practices. However, the survey seems to suggest that the practices of close to all survey respondents would qualify as at least “sound” in terms of conducting regular dialogue with stakeholders. Similarly, about 80 percent of respondents indicated actions taken to enhance interaction between IFIs and other financial development institutions, suggesting that the same share of respondents would qualify at least as “sound” on the second practice.

13. **Strengthen Resilience:** Sound implementation.

• Over 60 percent of respondents indicated that they are either *working on or are considering new sovereign financial instruments to strengthen financial resilience to debt crisis*. Assuming that the
same respondents would also, as a member of international fora, support initiatives that explore and develop financial solutions that enhance resilience to shocks, the practices in terms of promoting contractual and financial innovation to enhance resilience of more than half of the respondents would qualify as “strong”.

- Respondent also do fairly well in terms of promoting enhanced contractual clauses in foreign-law sovereign bond issuances; over 90 percent of respondent are assessed to have at least “sound” practices by setting an example by themselves including enhanced contractual clauses in their foreign-law issuances. Most G20 countries could do more by promoting other debtors to include enhanced contractual clauses (“strong practices”). Enhanced contractual clauses are currently practiced mostly under UK and New York governing law and not under other governing law. A few other G20 countries under whose law international bond issuances are governed could do more to encourage enhanced contractual clauses.

- In contrast, creditors’ engagement in addressing the challenges posed by litigation by non-cooperative creditors seems weak. However, it is important to note that with the problem confined to jurisdictions through which international finance is routed, this is only relevant for some creditors (hence the significant share of “not applicable” in the chart).

Performance by non-G20 countries by practice.  

14. **Non-G20 respondents show similar performance as G20 respondents, with some variations.** They generally do somewhat better in sharing information on their lending, reconciling post-restructuring debt data, making sure their lending is consistent with IMF and World Bank lending policies, and in promoting enhanced contractual clauses. However, they perform somewhat less well in terms of offering flexible financing options and in making public their participation in debt restructurings.

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5The small sample size of non-G20 respondents does not allow for a systematic comparison of their responses relative those of the G20 respondents.
Performance of Multilateral Development Banks (MDBs)\textsuperscript{6}

15. Large MDBs seem to place a strong focus on implementing sustainable lending practices in key dimensions such as adequacy of financing, information sharing and consistency of financing. IDA administered a similar survey on lending practices of MDBs and International Financial Institutions (IFIs) and received ten completed responses.\textsuperscript{7} The main findings are the following:

- The majority of responding institutions offer a set of lending instruments (e.g., loans, grants, partial risk guarantees, partial credit guarantees, grants with third party resources, and blending of resources).
- The majority factors debt sustainability (based on IMF-WB framework) in determining volumes and/or terms.

\textsuperscript{6}Performance by MDBs was assessed by a separate survey, which does not allow for a direct comparison of MDBs with the G20 results.

\textsuperscript{7}African Development Bank (AfDB), Arab Fund for Economic and Social Development (AFESD/FADES), Arab Monetary Fund (AMF), Caribbean Development Bank (CDB), Central American Bank for Economic Integration (CABEI), Corporación Andina de Fomento (CAF), European Commission (EC), European Investment Bank (EIB), Inter-American Development Bank (IDB), International Fund for Agricultural Development (IFAD), Arab Bank for Economic Development in Africa (BADEA), Islamic Development Bank, Kuwait Fund for Arab Economic Development (KF), Nordic Development Fund, Saudi Fund for Development (SF), Banque Ouest Africaine de Développement (BOAD)—West African Development Bank.
Seventy percent are familiar with the IDA’s NCBP, about half of whom factor it in their lending decisions.

All the responding institutions disclose information on loan commitments.

The majority coordinate with other MDBs (mostly WB and IMF) on debt issues.

POLICY PRIORITIES AND NEXT STEPS

16. The G-20 self-assessment provides a useful snapshot of progress with advancing the sustainable financing agenda. It also points to areas with room for improvement for the implementation of the sustainable lending principles. The priority areas for strengthening based on the IMF/World Bank assessment are:

- **Information sharing and transparency:** Most creditors report comprehensive debt data to the IMF and the World Bank; however, disclosure on their website could be improved to meet strong standards. Most respondent countries provide information on their lending on the web, but it is not being done in a way that consolidates lending by all agencies, and, for some, there is room to improve on the comprehensiveness of the data being reported, bringing it in line with OECD requirements. More effort could also be made by creditors in encouraging debtors’ fiscal transparency and improving public debt management. There is also significant room to upgrade data reconciliation post debt restructuring.

- **Consistency of financial support with IMF and World Bank debt policies:** While most countries report that they strictly adhere to the World Bank and IMF debt limit policies in their lending operations, a majority do not verify compliance with the borrowing authorities. There may also be a gap in terms of creditors making sufficient effort to ensure the borrower’s understanding of the terms of loans offered.

17. The key question at this point is how to take this work forward. Of course, these results are preliminary, reflecting staff’s initial calibration of a framework. As a priority, the G20 may wish to:

- Review the IMF and World Bank staff proposals to check how practices and assessment against the same practices, have been cast.

- Review the assessment of levels of practices bilaterally with staff to ensure that degrees of practice have been correctly captured.

18. Substantive feedback could be used to update the framework and results. In this context, participation of remaining G20 would be most welcome. To the extent that the G20 members broadly agree with the framework, they could consider a further self-assessment after an agreed period to check on progress. In such an event, the questionnaire would no longer be necessary since the assessment would be made by direct reference to the practice-by-practice descriptions.
19. Regarding the specific issues preliminarily identified for improvement, members with strong practices may serve as an example to others, providing policy options for improvement:

- One practice, assessed as "strong", already adhered to by several creditors is to have one government agency that collects and publishes loan-by-loan information on all its country’s official creditor agencies on a single website, including financial terms. One of the respondents pursuing these practices clarified that its Ministry of Finance performs this task by consolidating, beyond its own direct lending, the information from the export-credit agency and official developing aid agencies, and publishes it on its web site. This practice is supported by a national plan for transparent and collaborative government.

- Another practice already adhered to by a few creditors is to improve transparency post-restructuring by actively pursuing data reconciliation. In this regard, it would be a beneficial practice for creditors to follow up with the borrower’s debt management office to ensure that they have adequately changed the terms in their debt data. One of these respondents clarified that they follow up with the borrower’s debt management office when needed, through an exchange of letters.

- To strengthen consistency of financial support with IMF/World Bank debt limit policies, several creditors consult with the debtor to make sure that the financing they are considering providing is in line with the IMF and WB debt limits. This is especially important when the limits allow for non-concessional borrowing. As an example, one respondent assessed as having “strong” practices, reported that all its institutions providing external financing are familiar with DLP, NCBP, and OECD’s recommendations on sustainable lending practices, and engage with the authorities of recipient countries, the IMF, and the World Bank as needed to verify the compliance. In addition, they are asked to submit a list of potential loans to their supervisory ministries at early stages of project development. Supervisory bodies not only alert lending institutions to DLP and NCBP when applicable, but also double-check compliance, including through their Executive Directors’ offices at the IMF and the World Bank.
Annex I. G20 Operational Guidelines for Sustainable Financing

(March 2017)

The Addis Ababa Action Agenda on Financing for Development recognizes that “borrowing is an important tool for financing investment critical to achieving sustainable development, including the sustainable development goals. Sovereign borrowing also allows government finance to play a countercyclical role over economic cycles. However, borrowing needs to be managed prudently”. In this regard, UN member states “reiterate[d] that debtors and creditors must work together to prevent and resolve unsustainable debt situations”, that “maintaining sustainable debt levels is the responsibility of the borrowing countries; however [...] acknowledge[d] that lenders also have a responsibility to lend in a way that does not undermine a country’s debt sustainability”, and agreed to “work towards a global consensus on guidelines for debtor and creditor responsibilities in borrowing by and lending to sovereigns, building on existing initiatives.”

Against this backdrop, G20 countries endorse and will promote the following operational guidelines, taking into account national circumstances. The aim of these guidelines is to enhance access to sound financing for development while ensuring that sovereign debt remains on a sustainable path by fostering information-sharing and cooperation among borrowers, creditors and international financial institutions, as well as learning through capacity building.

These operational guidelines are classified into five dimensions: adequacy, transparency, consistency, coordination and resilience.

A. Adequate Financing for Sustainable Development

- Exploration of options to provide adequate financing for developing countries. Sovereign debtors and creditors will work together to strike a right balance between meeting financial needs for investment and sustainable development and maintaining debt sustainability. They will continue to explore various financing options to help developing countries access long-term financing and bolstering potential growth, while preserving sustainable debt levels.

B. Information-sharing and Transparency

- Promotion of transparency regarding macroeconomic indicators and debt sustainability assessments. Sovereign creditors and debtors should build a common understanding of the macroeconomic and financial situation of the borrower country, based on the most recent estimates of the international financial institutions (IFIs), including the latest Debt Sustainability Analysis (DSA). In this regard, G20 countries will enhance information sharing with respect to debt sustainability, including signaling to IFIs’ staff if large public liabilities appear not to have been included in the DSA of a debtor country. Moreover, they encourage borrowing countries to continue to enhance fiscal transparency and public debt management, as well as to provide the IMF, and other IFIs as appropriate, information on their debt and indirect liabilities (e.g. as guarantors of public entities).
• **Promotion of transparency regarding relevant cases of past sovereign debt restructurings.**
  As a general policy, information on past debt restructurings from official and private creditors should be made public, as appropriate.

C. **Consistency of Financial Support**

• **Consistency of borrowing and lending practices with debt limit policies as a shared responsibility of debtors and creditors.** As emphasized in the Addis Ababa Action Agenda, borrowing countries and lenders, including sovereign lenders, share responsibilities in maintaining debt on a sustainable path. G20 countries recognize the applicable requirements of the IMF’s Debt Limit Policy (DLP) and of the International Development Association’s Non-Concessional Borrowing Policy (NCBP), and commit, as shareholders of those institutions, to improving the transparency in providing financing to debtor countries and working closely with the IFIs to help debtor countries meet those debt sustainability requirements. In order to achieve that, IFIs need to have early consultation with and if necessary alert creditors on borrowing countries’ debt levels to avoid any potential inconsistency. Debt ceilings and most recently reported borrowing levels are being collected in one table which is public and regularly updated by the IFIs, helping in providing information to all lenders and borrowers about possible opportunities and constraints.

• **Committing to the long-term debt sustainability of borrowing countries,** notably by aiming at ensuring that commercial creditors adequately contribute to debt relief when required, and by ensuring that official creditors deliver on their own commitments. When unavoidable, debt restructuring should be conducted in good faith in a timely, orderly, and effective manner, facilitating appropriate burden-sharing.

• **Provision of the necessary technical assistance to debtor countries,** directly or through the international institutions in order to enhance their debt management capacities, while ensuring recipient countries take ownership over building their debt management capacities. This specifically covers the ability to staff and train debt management offices, and to ensure their familiarity with the different forms of sovereign borrowing, as well as the costs and opportunities attached to them. G20 countries support the Debt Management Facility (DMF) of the IMF and the World Bank and the Debt Management and Financial Analysis System (DMFAS) program of the United Nations Conference on Trade and Development (UNCTAD), and the ongoing work aimed at strengthening the Debt Sustainability Framework (DSF) of the IMF and the World Bank as a shared reference by all potential lenders in their dealings with a borrower.
D. Coordination of Stakeholders

- **Ensuring a regular dialogue between sovereign creditors, debtors and international financial institutions.** Interaction on a regular basis between these stakeholders, and not only at times of distress, is the most efficient way of fostering trust among sovereign actors. This will consequently make it easier for crises to be identified and anticipated, and for their resolution to be implemented. The IMF, the Paris Forum and Paris Club meetings, and UNCTAD are examples of venues where such a dialogue can take place.

- **Ensuring coordinated policies between international financial institutions.** Interaction and policy coordination on a regular basis between the IMF, the World Bank, the regional development banks, and other financial and development institutions will promote more efficient development, budgetary and other loan policies and ensure a consistent approach for safeguarding financial sustainability.

E. Promotion of Contractual and New Financial Instruments and Minimizing Litigation Issues to Strengthen Resilience

- **Continue to work on and consider usage of new financial instruments, when relevant, that embed more resilience into the debt structure of the recipient country,** for instance GDP-indexed contracts, debt instruments with extendible maturities, and natural disaster mechanisms, targeted to limit patterns of repeated over-indebtedness in the most vulnerable countries. G20 countries encourage the development of local currency bond markets as a way of improving the resilience of the domestic economy and financial system.

- **Promotion of enhanced contractual clauses most often found in foreign-law sovereign bond issuances (modified pari passu and enhanced collective action clauses—CACs).** International sovereign bonds are an increasingly prevalent form of external indebtedness for countries. G20 countries commit to continue promoting the standards best suited to avoid protracted negotiations with minority holders.

- **Address the challenges posed by some litigating creditors.** Aggressive litigation by non-cooperative minority creditors poses challenges in the financing and debt restructuring processes, especially for the poorest countries that lack the technical capacity to face such a legal challenge. G20 countries commit to explore enhanced international monitoring of litigation by non-cooperative minority creditors and take action as appropriate.
Annex II. Principles and Guidelines of Other International Bodies

The OECD’s Recommendation on Sustainable Lending Practices and Officially Supported Exports Credits was adopted by the Council meeting at Ministerial level on 30 May 2018. It is based upon the Working Party on Exports Credits and Export Credit Guarantees (ECG’s) Principles and Guidelines to Promote Sustainable Lending Practices in the Provision of Official Export Credits to Lower Income Countries, which was implemented in 2008 and revised in 2016 in the context of the comprehensive revision by the IMF’s Debt Limit Policy (DLP) and World Bank’s Non-Concessional Borrowing Policy (NCBP). The recommendation recognizes that “concessional lending generally remains the most appropriate source of external finance for most lower-income countries and that accordingly the provision of official export credits to public obligors or publicly guaranteed obligors in these countries should reflect prudent credit policies and sustainable lending practices.” As a general principle, the Recommendation obliges adherents to take due consideration of the information provided in a country’s most recent Debt Sustainability Analysis in deciding whether or not it would be appropriate to provide export credit support to the public sector of a borrowing countries. The agreement commits to refrain from providing non-concessional credits to countries that are subject to a zero limit on non-concessional borrowing and to, on a best-efforts basis, seek assurances from the borrowing authorities that the transaction is in line with the DLP and the NCBP for that country.

UNCTAD’s Principles on Promoting Responsible Sovereign Lending and Borrowing, published in 2012, focus on both lenders and borrowers, and aim to promote responsible lending and borrowing practices, as well as economic benefit to both agents. Regarding responsible lending, UNCTAD highlights the responsibility of lenders to follow due diligence standards in ensuring that borrowers fully understands the risks and benefits of a financial product being offered and that lending is consistent with the applicable legal framework and based on a realistic assessment of the sovereign borrower’s capacity to service a loan. It also highlights that in circumstances where a sovereign unable to service its debts, all lenders have a duty to behave in good faith and with cooperative spirit to reach a consensual rearrangement of those obligations and seek a speedy and orderly resolution to the problem.

The International Institute of Finance is also finalizing an initiative to define standards for medium to long-term financing provided by the private sector to sovereign borrowers. The principles would aim to promote the timely disclosure of information on financial transaction between sovereigns, sub-sovereigns and debt guaranteed by sovereigns and private creditors.

The Aid Transparency Index, which covers a set of 36 indicators covering four different areas, is used to assess transparency around aid flows. It is informed by Aid Transparency Principles, which have been endorsed by over 100 civil society organizations and require that information on aid is comprehensive, timely, comparable and publicly available.

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2 https://www.publishwhatyoufund.org/
Annex III. Methodology for Assessing Performance Against Practices

This annex describes the mapping of the proposed practices under each dimension of the guidelines to the applicable survey questions, as well as the methodology used when rating performance against the practices. Given that there is not a perfect mapping between the practices and the survey questions, additional information or some degree of judgement was used in a few cases to categorize respondents into the three categories “strong”, “sound” and “with significant room for improvement”. In some others, the categorization was not possible based on the currently available information.

1. Adequacy of Financing

1.1 Safeguarding debt sustainability

Creditors should take into account the borrower’s debt sustainability situation when deciding on extending credit or financial support to avoid raising debt vulnerabilities. This requires an internal governance structure that places debt sustainability as a leading consideration when providing financing and ensures that this is a principal consideration for all entities that provide financing to developing countries. While creditors may rely on various models for assessing debt sustainability, the Joint IMF-World Bank debt sustainability analysis is publicly available, based on extensive consultations and reviews, and reflects a broad understanding of debt risks in developing countries.

| ST | The creditor has an internal framework for debt sustainability assessment, also informed by private sector or IFIs existing frameworks, which guides borrowing volumes and terms. |
| SD | The creditor has an internal framework for debt sustainability assessment in place, which guides borrowing volumes and terms. |
| RfI | The creditor has no framework for assessing the impact of financing on a country’s debt sustainability in place. |

Question 9: How do you assess the consistency of a loan with the debt sustainability of the borrowing country? Do you use:

- International credit ratings reports (e.g. Euromoney, Institutional Investor International Country Risk Guide, Business Environment Risk Information)
- OECD country risk classifications
- Joint IMF-WB Debt Sustainability Framework
- Recommendation on Sustainable Lending Practices and Officially Supported Exports Credits
- Internal assessment models
- Other.

Question 10: If your assessment (question 9) reveals that a certain financing operation appears to not be consistent with the country’s debt sustainability analysis, how do you proceed?

- Cancel the loan provision
- Adapt the financing mix: provide a higher grant element either through lower interest rates and/or maturity extension
- Other.

METHODOLOGICAL NOTE

There is not one question in the survey that can by itself assess the group of creditors against this proposed practice. While a definite assessment would require more precise information agency by agency, a combination of question 9 and 10 can be used:

Question 9: Creditors relying only either on their own model or on other agencies’ risk ratings or debt sustainability assessments were categorized as having “sound” practices. Credits relying on a combination of both their own model and on other agencies’ risk ratings or debt sustainability assessments, were categorized as having “strong” practices.

Question 10: “Strong” is approximated by the share of countries that consider both canceling and adapting the financing mix, “sound” by the share of countries who would either cancel the loan provision or adapt the terms.
1.2 Providing various financing options - by making available various financing alternatives

1.2.1 Flexible financing options

Creditors can offer a variety of financing instruments and lending terms to enable borrowing countries to contract loans that mitigate costs and risks of their existing debt portfolio. The combination of instruments and range of financing terms will depend on the creditor country’s institutional framework and priorities. Coordination between different agencies offering development finance is also important, to ensure a consistent approach to the debtor. Regardless of the agency, the choice of financing instruments and terms should always be informed by debt sustainability considerations.

<table>
<thead>
<tr>
<th>N</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Creditor provides a range of financing terms that enable borrowers to mitigate risks of the debt portfolio at reasonable costs.</td>
</tr>
<tr>
<td>2</td>
<td>Creditor provides a limited menu of financing terms to borrowers.</td>
</tr>
<tr>
<td>3</td>
<td>Creditors do not provide for much flexibility on financing terms.</td>
</tr>
</tbody>
</table>

Question 2: Do you provide financing to developing countries for: Budgetary support? ☐ Yes ☐ No
If yes: is this financing at ☐ concessional or ☐ non-concessional terms or ☐ both? Investment projects? ☐ Yes ☐ No
If yes: is this financing at ☐ concessional or ☐ non-concessional terms or ☐ both?
How do you determine when to provide budget support as opposed to project financing? ☐ By income level ☐ By country ☐ By quality of public financial management ☐ Demand driven ☐ Political decision ☐ Other.

Question 3: Do you provide grants to developing countries? ☐ Yes ☐ No
What have been the reasons for the provision of grants, as opposed to loans? ☐ Income level ☐ Debt sustainability considerations ☐ Type of project ☐ Other (specify).

METHODOLOGICAL NOTE
Answers to the survey questions allow to assess the number of different types of financing that respondents provide, but not the flexibility in terms of adjusting the terms within each type of financing vehicle. Respondents that provide only one type of financing (flexibility between non-concessional and concessional terms count as more than one) are rated as “with considerable room for improvement”; respondents that provide one type of financing but also grants as “sound”, and respondents who provide more than one type of financing and grants as “strong”. An important caveat to this assessment is that the self-assessment survey does not reveal whether the available options are simultaneously available to the borrower.

1.2.2 Provision of collateralized debt

Collateralized debt can be a means for providing financing on reasonable terms for countries that are considered high risk. However, by delinking debt sustainability from repayment capacity, it also presents risks for delayed adjustment and overborrowing and, by earmarking future revenues, reduces future policy flexibility. In addition, the increased seniority may lead to increased borrowing costs for conventional credit and will complicate any debt resolution efforts if such are needed.

<table>
<thead>
<tr>
<th>N</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Creditor uses best efforts to ensure collateralization structure does not breach applicable NPCs, provides full transparency on the contractual terms of the collateralized debt, focuses on related assets or revenue streams, and the reduced risks resulting from collateralization are reflected in improved financial terms.</td>
</tr>
<tr>
<td>2</td>
<td>Creditor uses best efforts to ensure collateralization structure does not breach applicable NPCs, focuses on related assets or revenue streams, and provides full transparency on the contractual terms of the collateralized debt.</td>
</tr>
<tr>
<td>3</td>
<td>Collateralized lending is provided without due regard to its cost and information is not publicly available.</td>
</tr>
</tbody>
</table>

Question 8a: Have you provided collateralized debt, i.e. bonds or loans backed by an existing asset or future income stream (yes/no)?

Question 8b: If you provide collateralized lending, how do you ensure it is consistent with maintaining debt sustainability?

METHODOLOGICAL NOTE
None. The responses to the survey questions do not allow for a classification of practices in the three categories.
2. Information Sharing and Transparency

2.1 Building a common understanding of the macroeconomic and financial situation of the borrower country—by enhancing information sharing by creditors

Accurate and comprehensive information on debtors’ debt profiles is needed for creditors to make informed decisions regarding new financial operations. Therefore, official creditors should facilitate information sharing among themselves and with the IFIs by disclosing comprehensive and updated information on their existing and new lending operations. The information provided should be sufficiently detailed to allow for accurate assessment of the structure of the debt and potential debt vulnerabilities. Contractual clauses that limit the disclosure of volume, terms or other conditions should be avoided. In this context, regular data reconciliation with the debtor is key to prevent operational errors or misinterpretation of the agreements that could undermine the soundness of the debt data.

2.1.1 Sharing information on existing and new lending

| ST | A government agency collects and publishes loan-by-loan information for all of its country’s official creditor agencies vis-à-vis borrowers yearly on a single website, and within three months on new lending, including financial terms. |
| SC | Government creditor agencies disclose loan-by-loan information, including financial terms, to the IMF and the World Bank, on existing exposure to borrowers and new lending at least on an annual basis. |
| SF | No or limited information on exposure and new lending is made available on a yearly basis. |

Question 12: How do you provide information on your lending?

☒ Individual lenders are required to publish annual reports
☐ A government agency collects, aggregates and publishes the information in annual or quarterly reports
☐ Publication of data on a government website
☐ Full sharing with IFIs through the authorities
☐ Other.

Question 13: What type of data is made available?

☐ Amount
☐ Use of proceeds
☐ Interest rate
☐ Maturity and grace period
☐ Collateralization
☐ Other. Please specify: ________

METHODOLOGICAL NOTE

Countries that reported that they have a government agency that collects and aggregates the information; that data is published on a government website, and that the data made available includes amounts, use of proceeds, interest rates, maturity and grace periods, were rated as “strong.” The information in the survey, however, does not reveal whether respondents publish data on a loan-by-loan basis. The survey does not have full information on “sound” practices. As a proxy, membership in the OECD was used to assess compliance with “sound” practices, since OECD members report loan-by-loan information for their export credit agencies to the IMF and the World Bank. Others were rated “Room for improvement”.

1,2 As per OECD requirements (amount, beneficiary, use of proceeds, interest rate, maturity, grace period).
2.1.2 Creditors reconciling data with borrowers and IFIs

| ST | Creditor data reconciliation with borrowers and IFIs is undertaken at least on an annual basis. |
| SD | Creditor data reconciliation with borrowers is undertaken on an annual basis. |
| RfI | No regular creditor data reconciliation with borrowers and/or IFIs. |

Question 14: Do you periodically check data on your loans, guarantees, and lending activities recorded by the borrowing country authorities and IFIs?

- ☐ Recorded by the authorities:
  - Data reconciliation exercise: ☐ Yes ☐ No
  - Upon request of the authorities: ☐ Yes ☐ No
  - In case of arrears: ☐ Yes ☐ No
  - Other: Please specify.

- ☐ Recorded by IFIs or other institutions:
  - Data reconciliation in the context of a program
  - Upon request
  - To alert IFIs on missing information, for instance to signal to IFI staff if large public liabilities appear not to have been included in the DSA of a debtor country.

METHODOLOGICAL NOTE
Except for information on the frequency of reconciliation of data, the responses to question 14 allow for a fairly precise assessment of respondents’ practices against this measure. Countries that reported conducting periodic data reconciliations with borrower authorities (they were not asked to indicate the frequency), that check data recorded by IFIs in the context of a program, and that also conduct reconciliations at the request of borrowers and IFIs were rated as “strong”. Countries that reported conducting periodic reconciliations with borrowers, but only reconciled with IFIs on request were rated “sound”. Countries that did not report conducting periodic reconciliations with the authorities (except upon request or in the event of arrears) were rated “with significant room for improvement”.

2.1.3 Contractual clauses

| ST | The creditor uses publicly available templates for financing agreements and refrains from confidentiality clauses. |
| SD | The creditor refrains from using confidentiality clauses affecting information to the IMF and the World Bank. |
| RfI | The creditor uses comprehensive confidentiality clauses. |

There is not corresponding question in the survey.

METHODOLOGICAL NOTE
None.

2.2 Encouraging borrowing countries to continue to enhance fiscal transparency and public debt management

The responsibility for enhancing fiscal transparency and strengthening public debt management rests primarily with the borrowing authorities. However, creditors can contribute by verifying that decisions by borrowing countries to contract new loans are taken in accordance with the country’s legal frameworks and debt management requirements. In particular, the creditor could clarify that the operation is i) approved by the relevant authorities following a transparent decision-making process; and ii) adequately accounted for in the country’s debt statistics.

| ST | In addition to ensuring that the borrower meets its own legal requirements, the creditor verifies that lending operations are adequately disclosed. If this is not the case, the creditor does not proceed with the operation. |
| SD | The creditor verifies that the lending operation is in adherence with primary and secondary legislation and that the amount of financing appropriately reflects the value of the project. If this is not the case, the creditor does not proceed with the operation. |
| RfI | The creditor proceeds with lending operation without inquiring whether the debtor has followed due diligence and included the loan in its debt data. |

Question 18: Please provide examples of how you may have encouraged borrowing countries to enhance fiscal transparency and public debt management, as well as to provide the IMF, and other IFIs as appropriate, information on their debt and indirect liabilities.

METHODOLOGICAL NOTE
None. The responses to the survey questions do not allow for a classification of practices in the three categories.
### 2.3 Promoting disclosure of information on past restructurings

Comprehensive information on past debt restructurings is key to promoting collaborative approach among creditors and facilitating a sound understanding of the implications of the debt restructuring. Such information is also important to ensure that debtor’s debt data accurately reflects the terms of past restructurings and can be helpful in guiding future debt restructuring.

#### 2.3.1. Post-restructuring data reconciliation

<table>
<thead>
<tr>
<th>Country Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ST</td>
<td>The creditor conducts a post-debt restructuring data reconciliation with the borrower, ensuring public availability and accurate reflection of changed terms and conditions in the official debt data.</td>
</tr>
<tr>
<td>SD</td>
<td>The creditor conducts a post-debt restructuring data reconciliation with the borrower, ensuring accurate reflection of changed terms and conditions in the official debt data.</td>
</tr>
<tr>
<td>RfI</td>
<td>Data reconciliation exercise is not undertaken with the borrower.</td>
</tr>
</tbody>
</table>

**Question 19:** When you restructure debt, how do you disclose the related information?
- ☐ In public reports
- ☐ To IFIs and other fora
- ☐ Verify with the debtor’s debt management office that changes in terms and conditions are properly reflected in the records?
- ☐ Other. Please specify. __________

Describe your disclosure during the year 2018.

**METHODOLOGICAL NOTE**

Countries that reported that they verify with the debtor’s debt management office that changes in terms and conditions are properly reflected in the records were rated either “sound” or “strong”. It is, however, not possible to make the distinction between “sound” and “strong” based on the existing survey responses. All other respondents were rated “RfI”.

#### 2.3.2. Public disclosure of participation in debt restructurings

<table>
<thead>
<tr>
<th>Country Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ST</td>
<td>The creditor publishes information about its participation in debt restructurings, and details on its contribution, including amounts and changes in terms, in a press release or on the agency’s web site.</td>
</tr>
<tr>
<td>SD</td>
<td>The creditor makes public its participation in debt restructuring in a press release or the agency’s web site.</td>
</tr>
<tr>
<td>RfI</td>
<td>The creditor does not make public its participation in debt restructuring.</td>
</tr>
</tbody>
</table>

**Question 19:** When you restructure debt, how do you disclose the related information?
- ☐ In public reports
- ☐ To IFIs and other fora
- ☐ Verify with the debtor’s debt management office that changes in terms and conditions are properly reflected in the records?
- ☐ Other. Please specify. __________

Describe your disclosure during the year 2018.

**METHODOLOGICAL NOTE**

Countries that reported that they disclose information on debt restructurings in public reports were rated “sound”/“strong”, but the survey questions do not allow for a further distinction within this category. All other respondents were rated “RfI”.

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**METHODOLOGICAL NOTE**

Countries that reported that they verify with the debtor’s debt management office that changes in terms and conditions are properly reflected in the records were rated either “sound” or “strong”. It is, however, not possible to make the distinction between “sound” and “strong” based on the existing survey responses. All other respondents were rated “RfI”.

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**INTERNATIONAL MONETARY FUND**
3. Consistency of Financial Support

3.1 Providing financing consistent with IMF/WB debt limit policies

The responsibility to adhere to the policies attached to the financing from the IMF/WB lies squarely with the borrowing member country. However, as shareholders in the IMF and the World Bank, official bilateral creditors should also on a best effort basis seek assurances with the appropriate borrowing country authorities1 that the new financing is consistent with the IMF’s Debt Limit Policy (DLP) and of the International Development Association’s Non-Concessional2 Borrowing Policy (NCBP) and its negative pledge clause. The IMF and the World Bank offer technical support to bilateral official debtors and creditors in these efforts, notably, through the Lending-to-LICs mailing box.

Question 27: How have you verified the consistency of your financing with the IMF and World Bank debt limits?3
☐ Verify with the authorities directly
☐ Assume such consistency by the direct involvement in the transaction of the Ministry of Finance of the debtor country
☐ Other. Please specify.

Question 29: For what purpose have you sent an email to the “lending-to-LICs” mailboxes?
☐ To provide information on a future loan
☐ To provide information on a loan agreement that has already been signed
☐ To enquire about the IMF on concessional debt limits
☐ To enquire about the IMF on non-concessional debt limits
☐ To enquire about the World Bank on concessional debt limits
☐ To enquire about the World Bank on non-concessional debt limits
☐ To enquire about the IMF on the borrower country’s actual level of debt
☐ To enquire about the World Bank on the borrower country’s actual level of debt
☐ To enquire whether a proposed loan is considered concessional or non-concessional
☐ Other (specify).

METHODOLOGICAL NOTE
Answers to questions 27 and 29 were used to assess performance for this practice. An affirmative answer for the first option of question 27, “verify with the authorities directly” is regarded as complying with “sound” practice. To be assessed as following “strong” practice, a creditor would need to meet the criterion for “sound” and having responded affirmative to at least one of the options of question 29, other than the first two on simply providing information.

1The participation of the Ministry of Finance or central bank in a transaction as the obligor or guarantor would be seen as sufficient evidence of this obligation having been met.

2Concessionality refers to the IMF and World Bank definition: to be considered concessional, a loan should normally have a grant element of 35 percent or more. The grant element is calculated as the difference between the present value (PV) of debt and its nominal value, expressed as a percentage of the nominal value of the debt. The PV is calculated using a fixed discount rate of 5 percent (see the IMF and WB web sites).

3Please note that notifying the transaction to the IMF and World Bank does not constitute verification.
3.2 Committing to the long-term debt sustainability of borrowing countries – by facilitating smooth debt restructurings when needed.

Debt restructurings – when necessary – should be carried out as swiftly and efficiently, with a treatment that would be consistent with restoring debt sustainability. A protracted process will further deteriorate the economic situation of the debtor, weaken its repayment capacity, and delay the restoration of macroeconomic viability. While an inadequate treatment, one that falls short of what is required to restore sustainability, will lead to further payment difficulties in the future and the need for repeated restructurings. To this end, creditors should promptly engage with the debtor when the debtor seeks a consensual debt restructuring, and when appropriate, creditors should seek to collaborate with other creditors in good faith. In order to do so effectively, G20 creditors need to ensure that they themselves have the necessary domestic frameworks in place to coordinate response of all external credit providing agencies and their governing bodies, and have an effective mechanism that would allow one entity to represent all the agencies in either a collaborative debt restructuring for a or bilateral negotiations. A debt restructuring framework should provide a governance structure, ensuring that the response to debt restructuring needs is guided by the principles of good faith, transparency, legitimacy, equitable treatment and sustainability.

| 1 | The creditor has a debt restructuring framework in place, that is conducive to providing required relief in a relatively in a timely fashion, and participating in a collaborative approach with other creditors, when appropriate. |
| 50 | The creditor has a debt restructuring framework in place. |
| 51 | The creditor does not have a debt restructuring framework in place. |

Question 30: Is there a framework in place to facilitate restructuring by official lenders (e.g. a provisioning policy)? Please describe. Is there a framework in place to monitor on delivery of restructuring commitments by official lenders? Please describe.

Question 31: Is there a policy in place about when and how to conduct a restructuring in government majority-controlled commercial creditors? Do their respective Boards have the mandate to implement debt restructuring?

ST: The creditor has a debt restructuring framework in place, that is conducive to providing required relief in a relatively in a timely fashion, and participating in a collaborative approach with other creditors, when appropriate.

SD: In every lending operation, the creditor takes steps to ensure the borrower’s understanding of the terms of the loan, including associated costs and the risks.

RfI: The creditor does not ensure the borrower’s understanding of terms of lending, including associated costs and risks.

3.3 Providing technical assistance on debt related issues.

In the absence of adequate debt-related technical capacity, Governments may not be in a position to take informed decisions regarding appropriate borrowing options from a cost/risk perspective. The degree of sophistication in modern finance further increases the complexity of such decisions. These factors underscore the need for technical assistance (TA) to borrowing countries to narrow the information asymmetry between creditors and borrowers on various aspects of public debt management, financing options, and risk assessment.

| 1 | If the creditor encounters insufficient understanding or capacity on the borrower’s side, technical assistance is either provided in coordination with the WB and IMF or requested from IFIs. |
| 52 | In every lending operation, the creditor takes steps to ensure the borrower’s understanding of the terms of the loan, including associated costs and the risks. |
| 51 | The creditor does not ensure the borrower’s understanding of terms of lending, including associated costs and risks. |

Question 32: Have you provided technical assistance in debt related issues during the year 2018 through:

- bilateral assistance ☐ Yes ☐ No
- increased support to multilateral agencies? ☐ Yes ☐ No
- Please explain.

ST: If the creditor encounters insufficient understanding or capacity on the borrower’s side, technical assistance is either provided in coordination with the WB and IMF or requested from IFIs.

SD: The creditor has a debt restructuring framework in place.

RfI: The creditor does not have a debt restructuring framework in place.

METHODOLOGICAL NOTE

None. The survey question responses do not allow for a classification of practices in the three categories.

METHODOLOGICAL NOTE

The survey questions do not allow for a classification of practices in the three categories. There is currently no information with compliance with the “sound” practice of ensuring the borrower’s understanding of the terms of a loan.
4. **Coordination of Stakeholders**

### 4.1 Conducting regular dialogue with stakeholders

A continuous dialogue among stakeholders can help enhance creditor coordination and help safeguard debt sustainability. There are numerous fora devoted to public debt. Creditors, debtors and IFIs should take advantage of these events to address topics of mutual interest, such as identify emerging risks and how to address them, as well as developing methods, standards, and guidance for debt data management and reporting.

| **ST:** | In addition to participating in regular dialogue with other stakeholders through international meetings on debt related issues, the creditor promotes discussions on specific methodological or operational issues where relevant. |
| **SD:** | The creditor participates in dialogue with other stakeholders through international meetings on debt related issues. |
| **RfI:** | The creditor does not engage in regular dialogue with other stakeholders. |

Question 35: Has your country participated in debt conferences in the last twelve months? UNCTAD conferences; Paris Forum; IMF or World Bank seminars on debt issues; Other. Please specify. If yes, which agencies have been engaged?

### 4.2 Facilitating dialogue among international financial institutions to promote coordinated policies

Inter-agency cooperation is key to develop effective policies and foster strong practices, while avoiding duplication of efforts. Creditors, as members of the Executive Board at these institutions, have an important role in directing their activities, and can encourage the strengthening of collaborations among the IFIs.

| **ST:** | The creditor takes steps to encourage interaction between the IMF, the World Bank, and other IFIs, and takes an active role in promoting coordination on debt related issues. |
| **SD:** | The creditor takes steps to encourage interaction between the IMF, the World Bank, and other IFIs. |
| **RfI:** | The creditor does not promote inter-agency coordination. |

Question 36: As a shareholder of international financial institutions, have you taken steps to encourage interaction between the IMF, the World Bank, the regional development banks, and other financial development institutions?

Question 37: Please specify any notable changes in any of these areas (questions 36-37) since the introduction of the operational guidelines in March 2017

**METHODOLOGICAL NOTE**

None. The survey questions and responses do not allow for a classification of practices in the three categories.
5. Promoting of Contractual and Financial Innovation and Minimizing Litigation Issues to Strengthen Resilience

### 5.1 Continuing to work on financial innovation in lending and enhancing resilience to shocks

G-20 countries could help borrowing countries preserve debt sustainability in the face of natural disasters or adverse shocks (both external and domestic) by promoting and facilitating the use of new instruments specifically designed to promote resilience.

<table>
<thead>
<tr>
<th>Yes</th>
<th>In addition to supporting initiatives that explore and develop financing solutions to enhance resilience to shocks as a member of international fora, the creditor offers and promotes, when relevant, financial instruments that embed more resilience into the debt structure of the borrowing country.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>As a member of international fora, the creditor supports initiatives that explore and develop financing solutions enhancing resilience to shocks.</td>
</tr>
<tr>
<td>No</td>
<td>The creditor does not actively engage in exploring new innovative financing options.</td>
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</table>

**Question 38:** Are you working on or considering usage of new sovereign financial instruments to strengthen financial resilience to debt crisis? If yes, what kind of instruments are you exploring or using (GDP- or commodity price-indexed contracts, debt instruments with extendible maturities, provision of insurance against climate change or pandemics, and/or other).

**METHODOLOGICAL NOTE**

None. The current survey information does not allow for a breakdown between “sound” and “with significant room for improvement.”

### 5.2 Promoting enhanced contractual clauses in foreign-law sovereign bond issuances

The precise design on international bond contracts is a decision of the sovereign issuer, in consultation with its legal and financial advisers. Creditor can support international and regional initiatives, including through participation in working groups, promoting enhanced contractual clauses in foreign-law sovereign bond issuances. G20 creditor countries can facilitate by providing technical assistance to debtor countries in debt management and financial markets development, which could provide an opportunity to inform them about the use of enhanced contractual clauses in foreign-law sovereign bond issuances, and promote their use. G20 members should themselves include enhanced contractual clauses (modified pari passu and enhanced collective action clauses – CACs) when they issue international sovereign bonds. G20 countries should support international and regional initiatives promoting enhanced contractual clauses in foreign-law sovereign bond issuances.

<table>
<thead>
<tr>
<th>Yes</th>
<th>The creditor, in addition to meeting sound practice, promotes enhanced contractual clauses (modified pari passu and enhanced collective action clauses – CACs) by providing or supporting coordinated technical assistance in this area.</th>
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<tbody>
<tr>
<td>Yes</td>
<td>The creditor includes enhanced contractual clauses (modified pari passu and enhanced collective action clauses – CACs) when it issues international sovereign bonds.</td>
</tr>
<tr>
<td>No</td>
<td>The creditor does not actively engage in supporting enhanced contractual clauses.</td>
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</table>

**Question 39 (i):** As a creditor, please explain ways in which you have: Promoted the uptake of new contractual clauses in sovereign bond issuances (modified pari passu and enhanced collective action clauses).

**METHODOLOGICAL NOTE**

The respondents that according to the latest IMF progress report\(^4\) do not consistently use enhanced contractual clauses were rated as “with significant room for improvement”. Those who do, were rated as “sound” or, for those who also indicated that they have actively promoted the inclusion of enhanced contractual clauses in the context of TA, as “strong”.

---

5.3 Addressing the challenges posed by some litigating creditors.

Distressed debt investment funds have a role to play in resolving debt crisis, mainly, they can provide liquidity in secondary markets for sovereign bonds. However, a subset of these funds that buy distressed debt at a large discount with the intent to recover the full-face value through litigation has made restructurings extremely difficult. Thus, legislative efforts to curtail this type of investing could help and should aim to strike the right balance between further discouraging disruptive behavior and preserving secondary-market liquidity. Several countries have taken such action. Many developing countries also have limited technical capacity in addressing challenges with litigation. G20 members can also help addressing challenges by litigating creditors by providing technical support as needed to affected countries.

| ST: | In addition to supporting initiatives to enhance international monitoring of litigation by non-cooperative minority creditors and seek appropriate ways to take action, the creditor provides or supports technical assistance to countries with limited capacity in addressing litigation challenges. |
| SD: | The creditor supports initiatives to enhance international monitoring of litigation by non-cooperative minority creditors and to seek appropriate ways to take action. |
| RfI: | The creditor does not support initiatives to enhance international monitoring of litigation by non-cooperative minority creditors and to seek appropriate ways to take action. |

**METHODOLOGICAL NOTE**

One respondent indicated that it has provided or supported technical assistance in the area of dealing with litigating creditors, which would qualify as “strong” practice. At least five other respondents noted other actions taken to limit the scope for litigation by non-cooperative minority creditors, including two respondents have taken legislative action in their own countries. This suggests that the same countries would also generally support similar initiative by others and, hence, qualify their practice as “sound”.

**Question 39 (ii):** As a creditor, please explain ways in which you have: Addressed challenges posed by some litigating creditors.
Annex IV. Assessment of G20 Respondents Against Practices

1. Adequacy of Financing

1.1. Safeguarding debt sustainability

Most respondents base their lending decisions on one internal debt sustainability frameworks that is informed by at least one other external framework and would qualify as having “strong” practices in this respect. More than 70 percent of the sample appear to also have at least “sound” practices in terms of their lending volume and terms being guided by the sustainability assessment.

A framework for assessing debt sustainability is in place... (Question 9).

...debt sustainability analysis guiding borrowing volumes and terms (Question 10)

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<thead>
<tr>
<th>Strong</th>
<th>Sound</th>
<th>Significant room for improvement</th>
<th>No answer/Not applicable</th>
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1.2. Providing various financing options - by making available various financing alternatives

1.2.1. Flexible financing options

In an approximate categorization, most respondents would qualify as having “strong” practices in terms of the number of available financing options. However, an important caveat to this assessment is that the self-assessment survey does not reveal whether the available options are simultaneously available to the borrower. More information on the ability to adjust terms of financing instruments would provide for a more precise picture.

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<th>Sound</th>
<th>Significant room for improvement</th>
<th>No answer/Not applicable</th>
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1.2.2. Provision of collateralized debt

Information from the self-assessment survey does not allow for any assessments with the proposed practices. Two respondents reported that they their financing was linked to some kind of collateralization but did not provide details needed to assess the practices.

2. Information-sharing and transparency

2.1. Building a common understanding of the macroeconomic and financial situation of the borrower country—by enhancing information sharing by creditors

2.1.1. Sharing information on existing and new lending

Most countries have at least “sound” practices in terms of sharing information on existing and new lending. About one third are reporting all aspects of terms as per OECD requirements, information for all lending agencies consolidated in one web site, and are assessed to have “strong” practices. Over half of respondents are assessed to have “sound” practices. Just under 15 percent of respondents do not report all aspects of terms as per OECD requirements, which causes them to be assessed as “with significant room for improvement”.

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<th>Sound</th>
<th>Significant room for improvement</th>
<th>No answer/Not applicable</th>
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2.1.2. Creditors reconciling data with borrowers and IFIs
Most creditor countries reported that they conduct reconciliations with the borrower authorities, although in a few cases this only occurs at the countries’ request, when arrears are incurred, or debt relief is being sought. Similarly, just over half of respondent countries check that their data is consistent with that reported by IFIs in the context of programs or even more do it upon request. In sum, nearly 70 percent are fulfilling the criteria for either “sound” or “strong” practices.

2.1.3. Contractual Clauses
The responses to the survey do not allow for an assessment of these practices.

2.2. Encouraging borrowing countries to continue to enhance fiscal transparency and public debt management
The responses to the survey questions do not allow for a classification of practices in the three categories, due to missing information on practices regarding due diligence on legal requirements (requirement for “sound” and “strong” practices). Survey responses, however, indicated that only one quarter of respondents actively check with the borrower’s authorities that all relevant information is shared with the debt management office (requirement for “strong” practice).

2.3. Promoting disclosure of information on past restructurings
2.3.1. Post-restructuring data reconciliation
The survey indicates that there is significant room for improvement in post-restructuring data reconciliation, with the practices of nearly 60 percent of respondents failing to meet the “sound” level.

2.3.2. Public disclosure of participation in debt restructuring
The responses to the survey questions indicate that the practices of over 70 percent of respondents would be categorized either as “sound” or “strong”. However, the survey information does not allow for a classification of practices between “sound” and “strong”.

3. Consistency of financial support
3.1. Providing financing consistent with IMF/World Bank debt limit policies
While all respondents indicate that they consider World Bank and IMF debt limit policies in their lending operations to LICs and a large majority of countries indicating that they strictly adhere to the same policies, as many as 43 percent of respondents do not verify that so is the case with the borrowing authorities themselves. This causes the practices of the same share of countries to assessed as “with significant room for improvement”. However, one caveat to this assessment is that the lack of verification with the borrowing authorities is due to creditors only offering financing that is concessional by the IMF/World Bank definition, which is rarely subject to debt limits.
3.2. Committing to the long-term debt sustainability of borrowing countries – by facilitating smooth debt restructurings when needed.

The survey question responses do not allow for a classification of practices in the three categories. However, survey answers indicate that a majority of respondents have a framework in place to facilitate the participation in debt restructurings by their official lenders, which would be equivalent of “sound” practices. Many countries pointed to their membership in the Paris Club and it being their key forum for official debt restructuring. While the Paris Club is not the equivalent of a domestic framework to coordinate the response of the country’s various lending agencies, representation and effective representation in the Paris Club would presumably require some domestic framework or coordination mechanism. Only a few countries have policies in place for government-controlled commercial creditors, with the most frequent practice being to delegate to the respective Boards of the commercial creditors the authority to implement the debt restructuring.

3.3. Providing technical assistance on debt related issues.

The survey question responses do not allow for a classification of practices in the three categories. However, survey answers indicate that a majority of respondents have a framework in place to facilitate the participation in debt restructurings by their official lenders, which would be equivalent of “sound” practices. Many countries pointed to their membership in the Paris Club and it being their key forum for official debt restructuring. While the Paris Club is not the equivalent of a domestic framework to coordinate the response of the country’s various lending agencies, representation and effective representation in the Paris Club would presumably require some domestic framework or coordination mechanism. Only a few countries have policies in place for government-controlled commercial creditors, with the most frequent practice being to delegate to the respective Boards of the commercial creditors the authority to implement the debt restructuring.

4. Coordination of Stakeholders

4.1. Conducting regular dialogue with stakeholders

The survey questions and responses do not allow for a classification of practices in the three categories. However, the survey indicates that more than 90 percent of respondents participate in the Paris Forum. In addition, more than 80 percent also participate in World Bank or IMF conferences and about half also conduct regular dialogue through UNCTAD. The majority of respondents had more than one lender participating in such conferences. This indicates that the practices of close to all survey respondents would qualify as at least “sound”.

4.2. Facilitating dialogue among international financial institutions to promote coordinated policies

The survey questions and responses do not allow for a classification of practices in the three categories. However, about 80 percent of respondents indicated actions taken to enhance interaction between IFIs and other financial development institutions, which can be interpreted as if the practices of same share of respondents would qualify at least as “sound”.

5. Promoting of contractual and financial innovation and minimizing litigation issues to strengthen resilience

5.1. Continuing to work on financial innovation in lending and enhancing resilience to shocks

More than 60 percent of respondents to the survey indicated that they are either working on or are considering new sovereign financial instruments to strengthen financial resilience to debt crisis. Most commonly, the instruments considered are insurance provisions against climate change and pandemics (just under half of the respondents), followed by instruments with extendible maturities (about one fourth of respondents). Assuming that the same respondents would also, as a member of international fora, support initiatives that explore and develop financial solutions that enhance resilience to shocks, the practices of more than half of the respondents would qualify as “strong”. However, the current survey information does not allow for a breakdown between “sound” and “with significant room for improvement”.

5.2. Promoting enhanced contractual clauses in foreign-law sovereign bond issuances

The survey answers do not provide information on how many of the respondents includes enhanced contractual clauses (modified pari passu and enhanced collective action clauses, CACs) in their own foreign law sovereign bond issuances. However, the equivalent information can be drawn from the IMF’s latest progress report on this topic, indicating that at least one of the respondents did not. This practice would then be equivalent with “significant room for improvement”. Furthermore, two respondents indicated that they have actively promoted the inclusion of enhanced contractual clauses in the context of TA. This means that over 90 percent of respondents are assessed to have at least “sound” practices.

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5.3. **Addressing the challenges posed by some litigating creditors.**

The survey indicates overall significant room for improvement in addressing challenges posed by litigating creditors, with the practices of only about 45 percent of respondents being assessed as “sound” or “strong”. However, it is important to note that with the problem confined to jurisdictions through which international finance is routed, this is only relevant for some creditors.
Annex V. Self-Assessment of the G20 Operational Guidelines for Sustainable Financing

November 2018

The aim of this survey is to help G20 members self-assess their implementation of the Operational Guidelines for Sustainable Financing. The IMF and World Bank would produce jointly a note on policy options for sustainable financing, which could – data quality and comprehensiveness permitting – draw on the answers to the questionnaire (provided on a confidential basis) and on other sources, as relevant. The note would be shared with all members for their knowledge and benefit but answers from participating countries will not be public and/or shared with the G20 members, unless participating country wishes to share it. This survey is intended to cover the whole public sector of the creditor country, including public agencies, central banks, ECAs, national promotional banks, national development banks, and where appropriate SOEs or other entities acting on behalf of the government. If lending entities have different practices, please specify for each entity the current practice where appropriate. Where boxes are provided, unless the options are yes/no, please check all boxes that apply. Brief descriptions would be welcomed, in particular to elaborate on any different practices across different national creditors.

### Scope of the questionnaire

<table>
<thead>
<tr>
<th>Lending country</th>
<th>Borrowing country</th>
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<tbody>
<tr>
<td></td>
<td>Private</td>
<td>Public</td>
</tr>
<tr>
<td>Private</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Public</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Private with a public guarantee</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

An entity is classified as private when public ownership is not large enough to exercise control.

1. **Adequate Financing for Sustainable Development**

**Question 1**: Which are the lenders in your country that provide financing to developing countries? Please list in order of importance according to the amount of financing provided (Ministry, development bank, export credit agency, central bank, foreign aid agency or any other body—like SOEs—acting on behalf of the government).

**Question 2**: Do you provide financing to developing countries for:
- **Budgetary support?** ☐ Yes ☐ No  
  If yes: is this financing at ☐ concessional\(^1\) or ☐ non-concessional terms or ☐ both?

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\(^1\) According to the IMF “concessional debt is defined as debt with a grant element of at least 35 percent” with a unified discount rate of 5 percent per annum - Unification of discount rates used in external debt analysis for low income countries, October 2013.
- Investment projects? ☐ Yes ☐ No
  If yes: is this financing at ☐ concessional\(^1\) or ☐ non-concessional terms or ☐ both?

- ☐ Other. Please specify. _____

- How do you determine when to provide budget support as opposed to project financing? ☐
  By income level ☐ By country ☐ By quality of public financial management ☐ Demand driven
  ☐ Political decision ☐ Other. Please specify. _____

**Question 3**: Do you provide grants to developing countries? ☐ Yes ☐ No
What have been the reasons for the provision of grants, as opposed to loans? ☐ Income level ☐ Debt sustainability considerations ☐ Type of project ☐ Other (specify).

**Question 4**: How do you set the overall exposure for the lenders in your country to a given borrower? ☐ Do you use a rolling multi-year horizon? ☐ Is it demand-driven? ☐ Other (specify).

**Question 5**: How do you set credit limit exposures for countries? ☐
Political decision ☐ Size of borrower’s economy ☐ Risk ratings ☐ Other. Please specify. ________

**Question 6**: How do you determine the terms and conditions of the prospective loan? ☐
Taking into consideration a country’s debt profile ☐ Based on the timing of expected returns on projects ☐ Other. Please specify. ________

**Question 7**: Do you assess the returns of the projects financed? ☐ Yes ☐ No
If yes, please describe the process: ☐ Based on borrower’s assessment ☐ Based on internal assessment models ☐ Other. Please specify. ________

**Question 8**: Have you provided collateralized debt, i.e. bonds or loans backed by an existing asset or future income stream? ☐ Yes ☐ No [Assets or income streams directly linked to the project for which financing is provided are not considered collateralized debt in this regard]
If you provide collateralized lending, how do you ensure it is consistent with maintaining debt sustainability? Please specify. ________

**Question 9**: How do you assess the consistency of a loan with the debt sustainability of the borrowing country? Do you use: ☐ International credit ratings reports (e.g. Euromoney, Institutional Investor International Country Risk Guide, Business Environment Risk Information) ☐ OECD country risk classifications ☐ Joint IMF-WB Debt Sustainability Framework ☐ Recommendation on Sustainable Lending Practices and Officially Supported Exports Credits ☐ Internal assessment models ☐ Other. Please specify. ________

**Question 10**: If your assessment (question 9) reveals that a certain financing operation appears to not be consistent with the country’s debt sustainability analysis, how do you proceed?
☐ Cancel the loan provision ☐ Adapt the financing mix: provide a higher grant element either through lower interest rates and/or maturity extension ☐ Other. Please specify. ________

**Question 11**: Please specify any notable changes in any of these areas (questions 1-10) since the introduction of the operational guidelines in March 2017.

2. **Information-Sharing and Transparency**

**Question 12**: How do you provide information on your lending?

☐ Individual lenders are required to publish annual reports
☐ A government agency collects, aggregates and publishes the information in annual or quarterly reports
☐ Publication of data on a government web site
☐ Full sharing with IFIs through the authorities
☐ Other. Please specify. ______________

**Question 13**: What type of data is made available?

☐ Amount
☐ Use of proceeds
☐ Interest rate
☐ Maturity and grace period
☐ Collateralization
☐ Other. Please specify. ________

**Question 14**: Do you periodically check data on your loans, guarantees, and lending activities recorded by the borrowing country authorities and IFIs?

☐ Recorded by the authorities:
  ▪ Data reconciliation exercise: ☐ Yes ☐ No
  ▪ Upon request of the authorities: ☐ Yes ☐ No
  ▪ In case of arrears: ☐ Yes ☐ No
  ▪ Other: Please specify. ______________

☐ Recorded by IFIs or other institutions:
  ▪ Data reconciliation in the context of a program
  ▪ Upon request
  □ To alert IFIs on missing information, for instance to signal to IFI staff if large public liabilities appear not to have been included in the DSA of a debtor country

**Question 15**: Do you verify whether large public liabilities are included in the debtor’s debt sustainability analysis (DSA)? ☐ Yes ☐ No
**Question 16**: Do you check the status of a borrowing entity—public or not under IMF/World Bank policy/guidance—to which loans/credit has been extended? Have you asked the IMF, the World Bank or the authorities to clarify the status of your lending? Specify.

**Question 17**: In case of multiple lenders in your country to one country borrower, how do you ensure exchange of information between the lenders?

**Question 18**: Please provide examples of how you may have encouraged borrowing countries to enhance fiscal transparency and public debt management, as well as to provide the IMF, and other IFIs as appropriate, information on their debt and indirect liabilities. For example:

- Do you check with the borrower’s authorities that they have a procedure for sharing all relevant information with the debt management office?
- Do you encourage the borrower to publish periodically its debt figures?
- Have you waived non-disclosure agreements (which are a standard practice) to allow IFI staff access to debt contracts when deemed necessary?
- Do you request the borrower to provide a selected list of macroeconomic and debt burden indicators to ensure a common understanding?

**Question 19**: When you restructure debt, how do you disclose the related information?
- ☐ In public reports
- ☐ To IFIs and other fora
- ☐ Verify with the debtor’s debt management office that changes in terms and conditions are properly reflected in the records?
- ☐ Other. Please specify. ______________

Describe your disclosure during the year 2018.

**Question 20**: Please specify any notable changes in any of these areas (questions 13-19) since the introduction of the operational guidelines in March 2017.

3. **Consistency of Financial Support**

   **A. In borrowing countries where there is no IMF-supported program and not subject to IDA’s NCBP**

   **Question 21**: When considering the provisioning of a loan or an export credit to developing countries, do you:

   - ☐ Rely on your own risk assessment
   - ☐ Consult the IMF-World Bank DSA
   - ☐ Consult the IMF assessment of fiscal space
**Question 22:** When looking at the IFIs’ DSA, how does this affect:

- ☐ The amount of credit allocated to the country. Please specify. ___________
- ☐ The level of concessionality of your loan/credit. Please specify. ___________
- ☐ The maturity structure of your loan/credit. Please specify. ___________
- ☐ Other. Please specify. ___________

**Question 23:** Taking account of DSA ratings (i.e. low, medium, high risk of debt distress, in debt distress) is: ☐ A formal requirement ☐ Encouraged but not required

**Question 24:** If the DSA indicates that a borrower is rated at high risk of debt distress, do you:
- ☐ Stop lending ☐ Lend only if liquidity indicators are breached ☐ Only provide grants ☐ Only lend in concessional terms ☐ Other. Please specify ___________

**B. In borrowing countries with IMF-supported program and/or subject to IDA’s NCBP**

**Question 25:** Where relevant, do you take into account the debt limits set by the IMF and the World Bank, respectively through the Debt Limit Policy (for countries under an IMF program) and the Non-Concessional Borrowing Policy (for IDA eligible countries), before the provision of a loan or an export credit? ☐ Yes ☐ No

**Question 26:** How do you take into account the debt limits established for a specific borrower country?

- ☐ They are strictly adhered to
- ☐ agencies are asked to look at it and consult with the authorities
- ☐ There is no guidance on whether to follow the established debt limits
- ☐ Other. Please specify. _______________

**Question 27:** How have you verified the consistency of your financing with the IMF and World Bank debt limits?

- ☐ Verify with the authorities directly
- ☐ Assume such consistency by the direct involvement in the transaction of the Ministry of Finance of the debtor country
- ☐ Other. Please specify. _______________

**Question 28:** Are you aware of the existence of “lending-to-LICs” mailboxes to contact the IMF and World Bank as regards the IMF Debt limit policy and the IDA Non-concessional borrowing policy? ☐ Yes ☐ No

If yes, do you use them for:

- ☐ Each transaction?
- ☐ Only where there is ambiguity

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2 Please note that notifying the transaction to the IMF and World Bank does not constitute verification.
**Question 29:** For what purpose have you sent an email to the “lending-to-LICs” mailboxes?
- ☐ To provide information on a future loan
- ☐ To provide information on a loan agreement that has already been signed
- ☐ To enquire about the IMF on concessional debt limits
- ☐ To enquire about the IMF on non-concessional debt limits
- ☐ To enquire about the World Bank on concessional debt limits
- ☐ To enquire about the World Bank on non-concessional debt limits
- ☐ To enquire about the borrower country’s actual level of debt
- ☐ To enquire whether a proposed loan is considered concessional or non-concessional
- ☐ Other (specify).

**Question 30:** Is there a framework in place to facilitate restructuring by official lenders (e.g. a provisioning policy)? Please describe. Is there a framework in place to monitor delivery of restructuring commitments by official lenders? Please describe.

__________________________________________________________

**Question 31:** Is there a policy in place about when and how to conduct a restructuring in government majority-controlled commercial creditors? ☐ Yes ☐ No
Do their respective Boards have the mandate to implement debt restructuring? ☐ Yes ☐ No

**Question 32:** Have you provided technical assistance in debt related issues during the year 2018 through:
- ☐ bilateral assistance ☐ Yes ☐ No
- ☐ increased support to multilateral agencies? ☐ Yes ☐ No
- ☐ Please explain. ______________________

**Question 33:** If your answer is no to Q32, do you have plans to do one of the above in the near future? Please explain. ______________________

**Question 34:** Please specify any notable changes in any of these areas (questions 25-34) since the introduction of the operational guidelines in March 2017.

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4. **Coordination of Stakeholders**

**Question 35:** Has your country participated in debt conferences during the year 2018?
- ☐ UNCTAD conferences
- ☐ Paris Forum
- ☐ IMF or World Bank seminars on debt issues
- ☐ Other. Please specify. ______________________
If yes, which agencies have been engaged?

______________
Question 36: As a shareholder of international financial institutions, have you taken steps to encourage interaction between the IMF, the World Bank, the regional development banks, and other financial development institutions? ☐ Yes ☐ No Please explain. ________________

Question 37: Please specify any notable changes in any of these areas (questions 36-37) since the introduction of the operational guidelines in March 2017.
______________________________________________________________________

5. Promotion of Contractual and New Financial Instruments and Minimizing Litigation Issues to Strengthen Resilience

Question 38: Are you working on or considering usage of new sovereign financial instruments to strengthen financial resilience to debt crisis? ☐ Yes ☐ No If yes, what kind of instruments are you exploring or using?
☐ GDP- or commodity price-indexed contracts
☐ Debt instruments with extendible maturities. Specify the trigger.________
☐ Provision of insurance against climate change or pandemics.
☐ Other. Please specify.____________________

Question 39: As a creditor, please explain ways in which you have:
- Promoted the uptake of new contractual clauses in sovereign bond issuances (modified pari passu and enhanced collective action clauses).
______________________________________________________________________
- Addressed challenges posed by some litigating creditors.
______________________________________________________________________

Question 40: Have you changed any procedures (questions 39-40) since the adoption of the Operational guidelines for sustainable financing?