

Non-Bonded Debt Workstream

Overview: With the objectives of improving borrowing options for EMDEs, enhancing coordination among non-bonded creditors and improving restructuring outcomes for countries in distress, the **non-bonded debt workstream** will seek to discuss and identify solutions to a range of issues that have to date significantly prolonged restructuring processes and prevented countries from exiting “default” status even when official and bonded debt has already been restructured. These issues include:

- **Understanding the impact of different market actors on restructuring outcomes:**
 - Impact of loan syndication/de-risking strategies
 - Impact/role of insurers of loans
 - Impact of ECA-backed and other covered lending
 - Treatment of uncovered lending portions in ECA-covered loans
 - Variation across ECA providers and banks
 - Impact of other non-traditional lending instruments
- **Improving coordination and process efficiency during restructurings:**
 - Options for institutional frameworks or mechanisms
 - Effectiveness of market-based solutions such as Majority Voting Provisions (MVPs) in syndicated loans and potential for broader adoption
 - Overcoming first-mover challenges and broader coordination
- **Addressing transparency gaps on borrower and lender sides:**
 - Understanding gaps in transparency on borrower and lender sides
 - Expectations and requirements for private creditors to enhance transparency
 - Model transparency clauses for standard loan contracts
 - Status and implications of IIF/OECD/IMF initiatives on transparency
- **Assessing inclusion of debt pause clauses in commercial lending agreements:**
 - Understanding challenges and opportunities to scaling debt pause clauses in bank loans
 - Including debt pause clauses in the uncovered portion of ECA-backed lending (where the ECA-backed portion includes such a clause)
 - Understanding regulatory capital impacts/requirements

The workstream will consider the various issues from the perspective of new money, blended finance and restructurings, and with a view to ensuring affordable, long-term stable capital flows to EMDEs.

Outcome: Improved loan contract terms and lender coordination mechanisms to enhance new, affordable, long-term lending to a subset of borrowing countries and improve or prevent restructuring procedures, adopted and in use by mid-2026.

Working Group members: This work will take place through engagement with commercial banks in a technical working group and via industry organisations such as the IIF and the Loan Market Association. The non-bonded workstream will also take into consideration the work being undertaken by the bonded debt workstream to ensure coherence across creditor types. The Working Group will have broad geographic representation to encompass the wide range of lenders to EMDEs.