

## **Bonded Debt Workstream**

**Overview:** Seizing on momentum from within the investor community, **the Bondholder Working Group (BHWG)** has been meeting bi-weekly since January 2025 to improve borrowing conditions for a sub-set of EMDE borrowers. Discussed proposals include (i) short-term debt service pauses to prevent exogenous shocks resulting in full-blown defaults, (ii) non-financial covenants that will promote transparency and governance to drive down cost of capital over time, (iii) credit enhancement tools to support uptake of debt service pause clauses, and other mechanisms that contribute to (iv) preventing or facilitating smoother restructurings.

The group will consider the scope, mechanics, financial and non-financial terms, pricing incentives, trade-offs, and implementation strategy for the solutions proposed/ designed. Members of the BHWG can expect to vet and price various options, including debt pause clause features, transparency covenants, updates to the standard Eurobond document, credit enhancement features, and other potential non-contractual incentives for debt exchange transactions.

The BHWG is also engaging with other investors, CRAs, issuers, lead managers and wider industry groups to sensitise stakeholders and promote consensus. The BHWG may also discuss how the revised bond contract terms could contribute to the broader policy debate around high debt service costs and propose potential market-based transactions to facilitate the uptake of the new instrument.

**Outcome:** Improved bond contract terms that better address the needs of a subset of borrowing countries, adopted and in use by mid-2026.

**Current Working Group Members include representatives from the following institutions:** Aberdeen, GMO, HBK, Morgan Stanley Investment Management, Neuberger Berman, PPM America, T Rowe Price and the Emerging Markets Investor's Alliance. The BHWG is engaging with other industry organizations to gather feedback and extend outreach to the broader investor community.