KEY TERMS FROM THE WORLD BANK INTERNATIONAL DEBT REPORT 2024

This list provides general descriptions, not precise legal definitions, of the terms commonly used in this report. However, the descriptions include legal and policy elements relevant to how these terms are understood and applied in practice.

Terms 01 to 05

01. **Blue bond:** is a debt instrument issued by governments, development banks, or other entities to raise capital from impact investors to finance marine- and ocean-based projects that yield positive environmental, economic, and climate benefits.
02. **Bonds:** are debt instruments issued by public and publicly guaranteed or private debtors with durations of one year or longer. Bonds usually give the holder the unconditional right to fixed money income or contractually determined, variable money income.
03. **Central bank:** is a country's financial institution that exercises control over key aspects of the financial system. It carries out activities such as issuing currency, managing international reserves, transacting with the International Monetary Fund, and providing credit to deposit-taking corporations.
04. **Commitments of public and publicly guaranteed debt:** constitute the total amount of new long-term loans to public sector borrowers or borrowers with a public sector guarantee extended by official and

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private lenders and for which contracts were signed in the year specified.

05. **Common Framework:** for debt treatment beyond the Debt Service Suspension Initiative is an initiative launched in 2022 and endorsed by the Group of Twenty. It is designed to support, in a structural manner, low-income countries with unsustainable debt.

Terms 06 to 10

06. **Concessional debt:** conveys information about the borrower's receipt of aid from official lenders at concessional terms as defined by the World Bank, that is, loans with an original grant element of 35 percent or more. Loans from major regional development banks—the African Development Bank, Asian Development Bank, and Inter-American Development Bank—are classified as concessional according to World Bank classification.
07. **Debt-for-climate swaps:** are agreements that convert debts into commitments related to climate adaptation or conservation measures.
08. **Debt buyback:** is the repurchase by a debtor of its own debt, either at a discount price or at par value. In the event of a buyback of long-term debt, the face value of the debt bought back will be recorded as a decline in stock outstanding of long-term debt, and the cash amount received by creditors will be recorded as a principal repayment.

09. **Debt distress:** as defined under the debt sustainability framework, is caused by unsustainable debt, wherein a country is unable to fulfill its financial obligations and debt restructuring is required.

10. **Debt restructurings:** are revisions to debt service obligations agreed on by creditors and debtors. Such agreements change the amount and timing of future principal and interest payments. Debt restructuring is a complex process that requires the agreement of domestic and foreign creditors and involves burden sharing between different parties (for example, between residents and banks in most domestic restructurings).

Terms 11 to 15

11. **Debt service:** is the sum of principal repayments and interest paid on total long-term debt (public and publicly guaranteed debt and private nonguaranteed debt).

12. **Debt Service Suspension Initiative (DSSI) :** took effect on May 1, 2020, and allowed 73 eligible countries to apply for a temporary suspension of debt service payments owed to official bilateral creditors. The suspension period, originally set to end on December 31, 2020, was extended through December 2021.

13. **Debt sustainability:** is the condition under which a country (or its government) does not, in the future, need to default or renegotiate or restructure its debt, or make implausibly large policy adjustments.

14. **Debt swap (conversion) :** is an exchange of debt-typically at a discount-for a nondebt claim (such as equity) or for counterpart funds that can be used to finance a particular project or policy. In

essence, public sector debt is extinguished and a nondebt liability created in a debt conversion.

15. **Debt transparency:** results in readily available data on public debt, allowing governments to make informed decisions about macroeconomic policy and debt sustainability.

Terms 16 to 20

16. **Disbursements:** are drawings during the year specified on loan commitments contracted by the borrower.
17. **Eurobond:** is a type of bond issued by governments or corporations outside of their home country and is denominated in a currency different from that of the issuer. Eurobonds are typically long-term debt instruments and are commonly denominated in US dollars. They can also be denominated in other currencies such as the euro, pound, Japanese yen, and Swiss franc.
18. **External debt flows:** are debt-related transactions during the year specified. They include disbursements, principal repayments, and interest payments.
19. **External debt stocks:** comprise public and publicly guaranteed long-term external debt, private nonguaranteed long-term external debt, use of International Monetary Fund credit and special drawing rights allocation, and short-term external debt.
20. **Debt stock to exports:** is the ratio of outstanding external debt to the value of exports of goods and services and receipts of primary income from abroad.

Terms 21 to 25

21. **Debt-to-GNI:** ratio is the ratio of outstanding external debt to gross national income (GNI).
22. **Fiscal sustainability:** refers to the future implications of current fiscal policies and, more precisely, to the question of whether the government can continue to pursue its set of budgetary policies without endangering its solvency.
23. **Foreign direct investment (FDI) :** refers to direct investment equity flows in the reporting economy. It is the sum of equity capital, reinvestment earnings, and other capital. Direct investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy. Ownership of 10 percent or more of the ordinary shares or voting stock is the criterion for determining the existence of a direct investment relationship.
24. **Grace period:** is the time between the date on which a loan is committed and the date on which the first principal payment is due. The information presented in the International Debt Statistics database is the average grace period on all public and publicly guaranteed debt committed during the specified period.
25. **Grants:** are legally binding commitments that obligate a specific value of funds available for disbursement for which there is no payment requirement. They include debt forgiveness grants and grants from bilateral and multilateral agencies (such as the International Development Association).

Terms 26 to 30

26. **Green bonds:** are bonds that finance green projects and provide investors with regular or fixed income payments.
27. **Gross national income** (**GNI**) **:** is the sum of value added by all resident producers, plus any product taxes (less subsidies) not included in the valuation of output, plus net receipts of primary income compensation of employees and property income from abroad. Yearly average exchange rates are used to convert GNI from local currency to US dollars.
28. **The Group** of **Seven (G-**7) **:** is the collection of seven industrialized countries— Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States—that meets annually to discuss issues such as global economic governance, international security, and, most recently, artificial intelligence.
29. **The Group of Twenty (G-20**) **:** is the collection of 19 of the world's largest economies-Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea, Mexico, the Russian Federation, Saudi Arabia, South Africa, Türkiye, the United Kingdom, and the United States, and two regional bodies-the African Union and European Union-established to discuss international economic and financial stability.
30. **Heavily Indebted Poor Country (HIPC):** Initiative is a program of the World Bank and the International Monetary Fund to provide debt relief to qualifying countries with unsustainable debt burdens.

Terms 31 to 35

31. **IDA-eligible countries:** are the countries that are eligible to receive International Development Association (IDA) resources. Eligibility for IDA support depends on a country's relative poverty, defined as gross national income per capita below an established threshold, which is updated annually.
32. **Imports of goods, services, and primary income:** constitute the total value of goods and services imported and income payable to nonresidents.
33. **Inflation:** is the rate of increase in prices over a given period in an economy.
34. **Interest payments:** are the amounts of interest paid in foreign currency, goods, or services in the year specified.
35. **Interest payment**-to-**GNI:** ratio is the ratio of interest payment to gross national income (GNI).

Terms 36 to 40

36. **Interest rate:** is the interest rate applicable to a loan commitment as specified in the loan contract. The information presented in the International Debt Statistics database is the average interest on all public and publicly guaranteed debt committed during the specified period.
37. **International reserves:** constitute the sum of a country's monetary authority's holdings of special drawing rights, its reserve position in the International Monetary Fund, its holdings of foreign exchange, and its holdings of gold (valued at year-end London prices).

38. **Lender of last resort:** is an institution, often a multilateral creditor or a country's central bank, that offers loans to banks or other eligible institutions that are experiencing financial difficulty or are considered highly risky or near collapse. Loans from such lenders can happen in periods of financial turmoil, when banks may have doubts about lending to each other and depositors may suddenly seek to withdraw their money from their bank account.
39. **Long-term external debt:** is debt that has an original or extended maturity of more than one year and that is owed to nonresidents by residents of an economy and is repayable in currency, goods, or services.
40. **Maturity:** is the date on which the final principal repayment on a loan is due. It is the sum of the grace and repayment periods. The information presented in the International Debt Statistics database is the average maturity on all public and publicly guaranteed debt committed during the specified period.

Terms 41 to 45

41. **Monetary policy:** is used by central banks to manage economic fluctuations and achieve price stability with low and stable inflation. Central banks conduct monetary policy by adjusting the supply of money, usually through buying or selling securities in the open market. When central banks lower interest rates, monetary policy is easing. When they raise interest rates, monetary policy is tightening.
42. **Multilateral Debt Relief Initiative (MDRI):** is a program of the World Bank, the International Monetary Fund, the Inter-American

Development Bank, and the African Development Bank that provides additional debt relief to countries that have completed the Heavily Indebted Poor Country Initiative process.

43. **Multilateral official creditors:** are official agencies owned or governed by more than one country and that provide loan financing. They include international financial institutions such as the World Bank, regional development banks, and other intergovernmental agencies.
44. **Multilateral to external debt stock:** is the ratio of the stock of debt owed to multilateral creditors to total external debt.
45. **Net debt flow:** is gross disbursements minus principal payments.

Terms 46 to 50

46. **Net transfers on external debt:** are net flows minus interest payments during the year; negative transfers show net transfers made by the borrower to the creditor during the year.
47. **Official creditors:** are governments or other bilateral public entities (such as export-import agencies or development agencies) and multilateral financial institutions (such as the World Bank and regional development banks).
48. **Panda bond:** is a bond denominated in renminbi that is issued by a non-Chinese entity and sold within mainland China.
49. **Paris Club:** is an informal group of official creditors whose role is to find coordinated and sustainable solutions to the payment difficulties experienced by debtor countries. Paris Club creditors provide

appropriate debt treatment as debtor countries undertake reforms to stabilize and restore their macroeconomic and financial situations.

50. **Portfolio equity:** is the category of international investment that refers to portfolio equity inflows and covers investment in equity securities. Equity securities include shares, stocks, participation, or similar documents (such as US depositary receipts) that usually denote ownership of equity.

Terms 51 to 55

51. **Primary income on FDI:** (foreign direct investment) is payments of direct investment income (debit side) that consist of income on equity (dividends, branch profits, and reinvested earnings) and income on the intercompany debt (interest).
52. **Principal repayments:** are the amounts of principal (amortization) paid in currency, goods, or services in the year specified with respect to long-term external debt.
53. **Private creditors:** are bondholders, commercial banks, and other trade-related lenders.
54. **Private nonguaranteed (PNG) debt:** is debt owed by private sector borrowers to external creditors on loans that do not benefit from a public sector guarantee by the debtor country.
55. **Public and publicly guaranteed (PPG) debt:** comprises public debt (an external obligation of a public debtor, such as the general government or agency, the central bank, a political subdivision or agency, or an autonomous public body) and publicly guaranteed

external debt (an external obligation of a private debtor that is guaranteed for repayment by a public entity).

Terms 56 to 60

56. **Public debt:** is an external obligation of a public debtor, including all levels of government, the central bank, state-owned enterprises, public corporations, development banks, and any other autonomous public bodies of government.
57. **Repurchase agreement/loan:** is a transaction in which the borrower temporarily lends a security to the lender for cash with an agreement to buy it back in the future at a predetermined price. Ownership of the security does not change hands in a repurchase transaction. For that reason, these agreements are treated as collateralized loans.
58. **Samurai bond:** is a corporate bond denominated in yen that is issued by foreign companies in the Japanese market and is subject to Japanese regulations.
59. **SDR allocations:** are reserve-related liabilities, distributed to member countries in proportion to their quota shares at the International Monetary Fund. The SDR (special drawing right) allocations are included in the gross external debt position and classified as long-term debt.
60. **Short-term external debt:** has an original maturity of one year or less. Available data permit no distinctions among public, publicly guaranteed, and private nonguaranteed short-term external debt.

Terms 61 to 64

61. **Short**-term debt **stock to total debt stock:** is the ratio of total short-term debt to total debt stock.
62. **Sovereign** credit **ratings:** indicate the capacity and willingness of rated governments to repay commercial debt obligations in full and on time.
63. **Treasury bonds:** are long-term debt securities with a maturity period of 20 or 30 years. They are considered low-risk and are generally free of risk when held until maturity.
64. **Variable-rate loans:** are loans for which the interest fluctuates according to changes in market interest rates.

Source

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