WP/18/121

IMF Working Paper

Belize's 2016–17 Sovereign Debt Restructuring– Third Time Lucky?

by Tamon Asonuma, Michael G. Papaioannou, Eriko Togo and Bert van Selm

INTERNATIONAL MONETARY FUND

 WP/18/121

IMF Working Paper

Strategy Review and Policy Department, and Western Hemisphere Department

Belize's 2016–17 Sovereign Debt Restructuring–Third Time Lucky?

Prepared by Tamon Asonuma, Michael G. Papaioannou, Eriko Togo and Bert van Selm*

Authorized for distribution by Mark J. Flanagan and Uma Ramakrishnan

May 2018

Abstract

This paper examines the causes, processes, and outcomes of Belize's 2016–17 sovereign debt restructuring—its third episode in last 10 years. As was the case in the earlier two restructurings, in 2006–07 and in 2012–13, the 2016–17 debt restructuring was executed through collaborative engagement with creditors outside an IMF-supported program. While providing liquidity relief and partially addressing long-term debt sustainability concerns, the restructuring will need to be underpinned by ambitious fiscal consolidation and growth-enhacing structural reforms to secure durable gains.

JEL Classification Numbers: F34; G15; H63

Keywords: Sovereign Debt; Sovereign Defaults; Sovereign Debt Restructurings; Serial Debt Restructurings; Belize

Authors' Email Addresses: TAsonuma@imf.org, michaelgpapaioannou@gmail.com, ETogo@imf.org, BvanSelm@imf.org

*Tamon Asonuma and Eriko Togo are an economist and a senior economist in the Strategy, Policy and Review Department, respectively. Michael G. Papaioannou is a visiting professor at the Drexel University. Bert van Selm is a deputy division chief in the Western Hemisphere Department. The authors would like to thank Adriana Veras for helpful editorial support.

Contents

I. INTRODUCTION

Belize's third sovereign debt restructuring, in late 2016 and early 2017, occurred less than four years after its second debt restructuring, and within ten years of its first restructuring. Moreover, the country restructured the same debt instrument three times in row. Few countries have restructured their debt so frequently or the identical instrument repeatedly in such a short period of time. Belize's debt restructuring experience is unique in the universe of sovereign debt restructurings.

The Belizean authorities announced their decision to seek the third restructuring of their debt to private bondholders worth US$526 million (about 30 percent of GDP) in a November 9, 2016 press release, attributing their decision to "serious economic and financial challenges currently facing the country", and referring to low growth, rising fiscal deficits, U.S. dollar strength, damage inflicted by Hurricane Earl, and higher-than-anticipated arbitration awards, among other factors. Following intense negotiations with a bondholders' committee, the Belizean government (GOB) announced on March 21, 2017 that its proposed amendments to the terms of the U.S. dollar-denominated 2038 bonds were taking effect.

The previous two sovereign debt restructuring episodes were undertaken under similar fiscal and external conditions.[1] In 2006–07, facing an acute external liquidity shortage due to high debt service burden, Belize exchanged its various external commercially held public debt instruments, including both loans and bonds, into one single U.S. dollar-denominated bond (2029 bond or "Superbond 1.0") with a face value of US$547 million (around 43 percent of 2007 GDP). The exchange lengthened maturity and lowered the coupon rates. In 2012-13, the Belizean authorities, this time driven mainly by a substantial increase in the coupon rates and fiscal solvency concern, launched a second external debt restructuring, with a modest face value haircut (10 percent) as well as cash-flow relief through changes in both coupon and maturity structures, resulting in a new U.S. dollar-denominated bond (2038 bond, or Superbond 2.0) with face value of US$530 million (33 percent of 2013 GDP).

This paper examines the following questions regarding the causes, process, and outcomes of Belize's third sovereign debt restructuring and compares these features with those of the previous two restructurings, drawing lessons from these experiences:

- ***Causes***. Why did Belize need to restructure its external public debt for the third time in ten years?
- ***Process***. What are the key features of Belize's third debt restructuring, with regards to debtor-creditor negotiations, and the engagement strategy with the creditor committee (creditor committee engagement clause)? Did the absence of an IMF-supported economic

[1] See Asonuma and others (2017b).

reform program to support the operation increase the likelihood of another sovereign debt restructuring further down the road?

- ***Outcomes***. What were the impacts on the liquidity and solvency of public debt? From the creditors' point of view, what was the NPV reduction?

- ***IMF engagement and evaluation.*** What was the role of the IMF during the debt restructuring (the Belizean authorities did not request an IMF-supported program), and how did the IMF assess the outcomes of the debt restructuring?

- ***Comparative analysis and lessons learnt***. How does the 2016–17 debt restructuring differ from the first and second debt restructuring, in 2006–07 and 2012–13? How does Belize's repeated debt restructuring experience compare to that of other countries in the Caribbean region (Antigua and Barbuda, Grenada and Jamaica)?

The rest of the paper is organized as follows. Section II provides a brief overview of the literature. Sections III explores the causes, processes, and outcomes of the 2016-17 debt restructuring, and discusses IMF engagement and assessment. In Section IV, lessons are drawn through a comparative analysis of key features characterizing Belize's three debt restructurings, and of Belize's restructurings and those of other countries in the region (Antigua and Barbuda, Grenada, and Jamaica). Conclusions are presented in Section V.

II. BRIEF LITERATURE REVIEW

This paper adds to the empirical literature on sovereign debt restructuring episodes by analyzing a recent and unique case of repeated debt restructuring.[2] Sturzenegger and Zettelmeyer (2006) present prominent sovereign debt restructurings in seven emerging market countries in 1998–2005, focusing on the authorities' policy actions, IMF-supported programs, and creditor losses. In a similar vein, Finger and Mecagni (2007) and Diaz-Cassou, Erce, and Vazquez-Zamora (2008) explore recent debt restructuring episodes in 1999–2010. Das, Papaioannou, and Trebesch (2012) provide enriched descriptive explanations of the outcome and process of debt restructurings, including creditor engagement, and legal aspects (collective action clauses), during 1950-2010.

Specific to the Caribbean, recent studies have focused particularly on debt sustainability and debt restructurings in the region.[3] For instance, IMF (2013a) analyzes debt restructurings in five Caribbean countries: Belize, the Dominican Republic, Grenada, Jamaica, and St. Kitts and Nevis. Jahan (2013) and Okwuokei and van Selm (2017) also provide overviews of recent debt restructurings in the region. With more specific focus on country issues, Asonuma and others

[2] For empirical studies on sovereign debt restructurings, see also Reinhart and Rogoff (2009), Panizza and others (2009), Duggar (2013), Benjamin and Wright (2009), Cruces and Trebesch (2013), Asonuma and Trebesch (2016), Asonuma and Joo (2017), Erce (2013) and survey by Tomz and Wright (2013).

[3] See also Schipke, Cebotari, and Thacker (2013) and Alleyne and others (2017) for recent issues in the Caribbean.

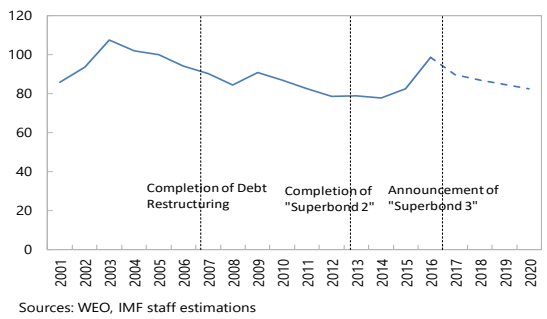
(2017a, 2017b, 2018) explore sequential debt restructurings in Belize, Grenada, and Saint Kitts and Nevis, respectively. This paper contrasts Belize's 2016–17 debt restructuring with its two past cases, and with other cases in the region.

Our analysis of Belize's repeated restructurings also contributes to the empirical literature on serial sovereign debt restructurings. Among the previous studies, Reinhart, Rogoff and Savastano (2003) and Reinhart and Rogoff (2005) explore empirically the role of past credit history in debt intolerance. Moreover, Asonuma (2016) empirically shows that past defaulters are more likely to default relative to non-defaulters—countries that have not experienced either defaults or restructurings. Eichengreen, Hausmann, and Panizza (2005a, 2005b) and Catao, Fostel and Kapur (2009) show that a vicious cycle of sovereign credit events arises from an inability of countries to issue bonds in their domestic currencies, i.e. "original sin" or an output persistence combined with asymmetric information about output shocks. This paper fills a gap in the literature by providing lessons learnt (both with regard to policy implications and restructuring approaches) from Belize's serial debt restructuring.

III. BELIZE'S 2016–17 DEBT RESTRUCTURING

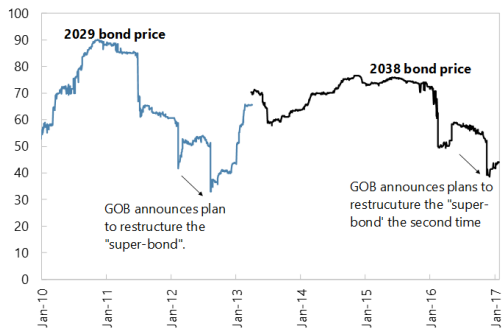
Against the background of a deterioration in Belize's fiscal and external positions after the 2012–13 debt exchange, the country embarked on a third debt restructuring. The authorities' decision to seek a third debt restructuring was partly driven by a prospective increase in the debt service, as well as medium-term debt sustainability concerns—associated with several economic setbacks, including higher than anticipated compensation payments to the former owners of two nationalized companies. The GOB's announcement to seek a restructuring its sovereign debt led to a sharp decline in the price of the superbond in November 2016 (Figure 2). S&P downgraded Belize in two steps in November 2016, from B- to CCC+ to CC, and then to SD in early 2017. Negotiations with the creditors proceeded smoothly due to a creditor engagement clause embedded in the bond contract of Superbond 2 (the only instrument targeted for restructuring), and the parties reached agreement in a relatively short period of time. However, as in the case of the two previous debt restructurings (2006–07 and 2012–13), the exchange provided only a substantial cash-flow relief over the near and medium terms, while debt sustainability concerns remained largely unaddressed. Public debt has remained high over the last two decades (Figure 1).

Figure 1. Belize Public Debt, 2001–20
(percentage)



Sources: WEO, IMF staff estimations

Figure 2. Belize Bond Prices, 2010–17



A. Causes

Macroeconomic developments

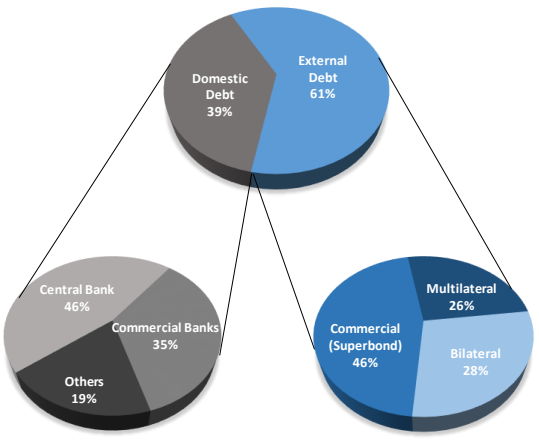
The IMF's 2016 Article IV staff report—discussed by the IMF Executive Board in September, and published in October 2016, just ahead of the announcement of the third restructuring—pointed out that the economy was slowing, and fiscal and external vulnerabilities were rising. In August 2016, Hurricane Earl had caused about 3-4 percent of GDP in estimated damage, and pushed growth into negative territory in 2016. The report stressed that twin (fiscal and external) deficits and additional potentially large contingent liabilities could lead to very large public and external gross financing needs, which would be very difficult to meet. Mounting financing difficulties could accelerate the depletion of reserves and usher in a disorderly adjustment that would jeopardize the currency peg. The Article IV report emphasized the need to promptly take measures to reduce the likelihood of a disorderly fiscal and external adjustment, such as to raise the primary surplus to 4–5 percent of GDP, reduce banking vulnerabilities, and consider structural measures to boost growth. The Debt Sustainability Analysis (DSA) projected public debt to remain high, and stressed that its sustainability was subject to significant downside risks, including shocks to GDP growth, the exchange rate, and the primary balance.

On the eve of the third restructuring, in November 2016, total public debt stood at about 100 percent of GDP (or the equivalent of about US$1.7 billion). The Superbond 2.0 amounted to US$526.5 million, or about 30 percent of 2016 GDP, representing about 30 percent of total public debt (Figure 1).[4] Also, the Superbond 2.0 amounted to 44 percent of total external public debt, with the remainder being roughly equally split between multilateral and bilateral debt to public creditors. Bilateral debt was mostly from non-traditional bilateral creditors, with Taiwan accounting for almost 40 percent of total bilateral credit. The size of the Superbond remained broadly unchanged since the first restructuring in 2006-07, as the restructurings did not significantly reduce the face value of the debt, and no principal repayments had been made. With low growth and inflation (anchored by the exchange rate peg to the US dollar), the value of this debt as a percent of GDP also remained broadly unchanged.

Belize's debt to private external bondholders comprised a relatively expensive part of its external public debt at an average interest rate of 5 percent—its debt to multilaterals (World Bank, Inter-American Development Bank, and Caribbean Development Bank) is at lower rates averaging 2.75 percent, as is its bilateral debt averaging 1.5 percent (Figure 4). Cash flow pressure from the Superbond 2.0 were expected to increase in August 2017 with the coupon rate stepping up from 5 to 6.767 percent, and further in 2019 when principal repayments were to begin. This step-up in the interest rate was one of the main reasons that led the government to embark on its third debt restructuring.

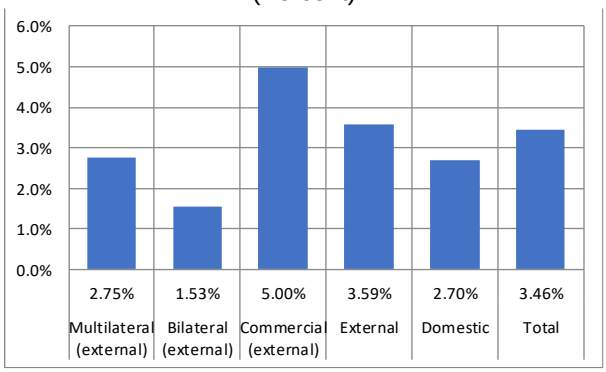
[4] The original size of the Superbond 2.0 was US$530 million, but about US$3.5 million was bought back by the GOB in the secondary market in the interim years.

Figure 3: Composition of Central Government Public Debt, 2016
(Percent)



Sources: Authorities, IMF staff Calculations

Figure 4: Implied Interest Rate of Central Government Debt, 2016
(Percent)



Source: Authorities, IMF staff calculations.

Belize targeted the same debt that had been restructured twice in the past—its public debt to private external bondholders, denominated in U.S. dollars, and issued under U.S. law. They chose to do so despite the fact that the contract of the Superbond 2.0 had features intended to make a subsequent restructuring more unattractive and difficult:

- ***Principal reinstatement clause****:* If the interest or principal falling due before the tenth anniversary of the issuance date is missed, and such default is not cured 30 days after the expiration of the grace period (the principal reinstatement date), Belize is obliged to issue within 5 business days on a *pro rata* basis an amount of additional 2038 bonds equal to 11.11 percent of the outstanding principal amount.

- ***Creditor engagement clause****:* The clause commits Belize to take reasonable steps to facilitate the creation of any Holders' Committee, recognize any such Holders' Committee, negotiate with it in good faith, and promptly provide it with all information, including any debt sustainability analyses. The contract also obliges Belize to "pay any reasonable fees and expenses of any such Holders' Committee," instead of fees being part of the negotiation. In the restructuring of 2013, Belize paid almost US$1.2 million in such expenses.

B. Process

The restructuring was undertaken preemptively, with a missed coupon payment occurring during the negotiation stage.[5] The authorities had remained current on their debt obligations until its announcement of restructuring in November 2016, but in end-February 2017, they announced that coupon payments on the bond had been deferred.

One week after the government's November 9 announcement, a representative group of key holders of the bond formed a Coordinating Committee 'to be in a position to evaluate statements made by the GOB with regard to its present situation, to facilitate communication among bondholders, and to pursue any appropriate actions'. The committee was formally recognized by the Belizean authorities.[6]

After meetings between representatives of the Belizean government and the Committee in New York, the GOB issued a consent solicitation on January 12, 2017 (Table 1).[7] They proposed to reduce the interest rate on the bond to 4 percent and amend the amortization schedule which deferred the principal payments to 2036–38 (instead of semiannual payments starting 2019). Such terms would have reduced the NPV of the bond by 36-49 percent, depending on the discount rate used. But the creditors swiftly rejected this proposal—on January 17, the bondholder committee issued a press release stating that it regarded the GOB's consent solicitation as premature ('Belize Bondholder Committee Does Not Support Consent Solicitation', New York and Boston, January 17, 2017).[8] It indicated that in its view, any potential debt relief should be part of a medium-term solution for Belize that would also require (i) a strong and credible medium-term program of fiscal and structural adjustment to promote economic growth and reduce credit risk; and (2) reasonable mechanisms to assure that such an adjustment program would be delivered.

One month later, on February 21, the GOB issued a press release indicating that the February 20 coupon payment on the bond had been deferred, pending the ongoing consent solicitation.[9] Negotiations continued, and on March 3, the GOB issued a revised consent solicitation; on the same day, the bondholders' committee issued its own press release supporting the revised

[5] Although payment was made within the allowed grace period.

[6] The GOB retained Citigroup and Cleary Gottlieb Steen and Hamilton LLP as its financial and legal advisors, respectively.

[7] Belize Ministry of Finance (2017a). A consent solicitation seeks to amend the terms of the existing bond with the existing bondholders and do not involve an exchange of the exiting bond with a new instrument.

[8] Belize Bondholder Committee (2017). Broadspan Capital acted as exclusive financial advisor to the Belize Bondholder Committee.

[9] Belize Ministry of Finance (2017b).

consent solicitation (Table 1).[10] The proposed interest rate for the bond was now 4.9375 percent, and the revised amortization schedule called for five equal annual installments over 2030–34. The final maturity date of the bond was to be brought forward from 2038 to 2034. The authorities conceded to the creditors about 17 percentage points in NPV reduction relative to the terms presented in the original consent solicitation.

The revised consent solicitation also included details on a fiscal adjustment program and its monitoring. The Belizean authorities committed to tighten the fiscal stance by 3 percentage points in fiscal year 2017/18, and to maintain a primary surplus of 2 percent of GDP for the subsequent three years (fiscal years 2018/21). If the GOB failed to meet the 2018–21 primary surplus target, the authorities would submit a report to the National Assembly to explain why the target was missed. In addition, in the event that the target is missed, the authorities would request an IMF technical assistance mission to determine why the primary surplus target was missed and to recommend remedial measures. The authorities also committed to publishing the findings of any such IMF technical assistance.[11]

Table 1. Belize Amendment Terms Proposed in the Consent Solicitations

	First Solicitation January 6, 2017	Revised Solicitation March 3, 2017
Final maturity	2038	2034
Repayment schedule	3 equal annual installment Feb 20, 2036-Feb 20, 2038	5 equal annual installment Feb 20, 2030-Feb 20, 2034
Coupon rate	4%	4.9375%
Maturity	2038	2034

Sources: Government of Belize (2017a, 2017c)

Bondholder committee members provided unanimous support to the revised terms of the consent solicitation on March 3, but while they represented a majority (at about 60 percent), they did not meet the 75 percent quorum required to modify the terms of the bond. To bring the remaining bondholders on board, the consent solicitation was further extended. On March 15, the GOB announced a successful consent solicitation, and the deferred coupon payment was made—just within the 30-day grace period thus averting a default and the triggering of the principal reinstatement clause.[12]

[10] Belize Ministry of Finance (2017c) and Belize Bondholders Committee (2017b).

[11] The IMF has not committed to provide such technical assistance.

[12] Belize Ministry of Finance (2017d).

Table 2. Belize Debt Restructuring, 2016–17: Deal Structure

	Old Instrument	New Instrument
Instruments	2038 US bond ("Superbond 2.0")	2034 US bond ("Superbond 3.0")
Face value (US$ mil.)	530	526.5
Face value haircut	0%	-
Maturity	2038	2034
Remaining maturity (years)	21	17
Coupon	5% until 2017, 6.767% until maturity	4.9375%
Repayment profile	2019-38	2030-34
Present value on 3/2017 1/	87.3%	70.1%
NPV haircut 2/ 4/	19.7 (17.5)	-
Market haircut 3/ 4/	29.9 (28.0)	-
Pre-CACs participation rate (%)	88	-
Post-CACs participation rate (%)	100	-
CACs triggered	Yes	-

Sources: Belize authorities; and authors.

1/ Discount rate at 9.1 percent which was exit yield at completion of exchange (on 3/24/2017 - the first transaction day when yields were recorded after completion of restructuring).

2/ NPV haircut is defined as 1 - Present value of new debt/Present value of old debt as in Sturzenegger and Zettelmeyer (2006, 2008). Present value of new debt and old debt is computed with the same discount rate.

3/ Market haircut is defined as 1 - Present value of new debt/Face value of old debt.

4/ The effective (net) haircut including the fees paid in cash would be 17.5% (NPV) and 28.0% (market), respectively.

The process was completed on March 21, when the GOB announced that holders of 88 percent of the outstanding Superbond 2.0 had consented, and the revised terms of the bond became effective as of that date (with the remaining 12 percent brought on board using the collective action clause).[13] The details of the new financial and legal terms are as follows (Table 2):

- ***No principal haircut***. Approximately US$526.5 million of new 2034 bonds were issued without face-value reduction.

- ***Coupon rate reduction***. By introducing a fixed coupon rate of 4.9375 percent, the average coupon rate of the new bond over the life of the bond was lowered by 1.83 percent.

- ***Extension of grace period and maturity shortening***. The grace period was extended by 11 years with amortization starting from 2030, while the final maturity was shortened by 4 years.

- ***NPV and market haircuts.*** Using a discount rate of 9.1 percent, the NPV haircut was 19.7 percent, while the market haircut was 30 percent.

[13] Belize Ministry of Finance (2017e).

- ***Use of a CAC.*** Similar to two previous restructurings, a CAC was triggered and no exit consent was used.[14]

Box 1. Innovations in the 2016–17 Restructuring[1]

The 2016–17 exchange offer includes various innovations, such as fiscal targets for 2018–21 and the enactment of a public sector budget that produces a fiscal consolidation for 2017/18 equal to 3 percent of GDP.

- ***Fiscal targets.*** In the event that Belize fails to achieve a primary surplus equal to at least 2.0% of GDP in any of the fiscal years 2018/19, 2019/20 or 2020/21 then i) commencing on the first Interest Payment Date in the subsequent fiscal year, and lasting for 12 months thereafter, interest on the Securities shall be paid quarterly (instead of semi-annually) and ii) the GOB will submit to the National Assembly a report explaining the reasons why the target was missed and, in addition, request that the International Monetary Fund send a technical assistance mission to Belize for the purposes of (i) determining the reason(s) why the primary surplus target was not reached in the prior fiscal year and (ii) recommending measures to restore Belize to the path of achieving a primary surplus equal to at least 2.0% of GDP, with this report to be published.

- ***Enactment of a budget reflecting fiscal consolidation***: The National Assembly of Belize will enact a public sector budget for fiscal year 2017/18 that includes fiscal measures projected to produce a fiscal consolidation for that fiscal year equal to 3.0% of GDP. The amendments to the Consent Solicitation will automatically be reversed on September 30, 2017, unless the Trustee shall have received a certification that such a budget has been enacted.

- ***Statutory instrument***. The Prime Minister of Belize shall issue a Statutory Instrument, in accordance with Section 23(3) of the Finance and Audit (Reform) Act (No. 12 of 2005), committing to (i) propose budgets that are projected to result in a primary surplus in each of fiscal years 2018/19, 2019/20 and 2020/21 equal to at least 2.0% of GDP, (ii) cooperate with the IMF in its preparation of annual Article IV consultations; (iii) publish each year a Fiscal Strategy Statement; and (iv) publish periodic Fiscal Outlook and Mid-year Review Reports.

- ***Mandatory liability management***. Belize will apply an amount equivalent to 25% of the gross proceeds of each incurrence of Specified Debt (Public Debt and each net new Debt lent or arranged by private sector international financial institutions, denominated in a currency other than the currency of Belize, and having a tenor of at least five years) contracted by Belize after March 2, 2017 in excess of U.S.$50 million of each incurrence to repurchase in the open market, redeem, or otherwise reduce the outstanding principal.

[1] Belize Ministry of Finance (2017c)

The new contractual terms of the bond included several innovations, most notably fiscal targets and the enactment of a budget reflecting fiscal consolidation (Box 1).

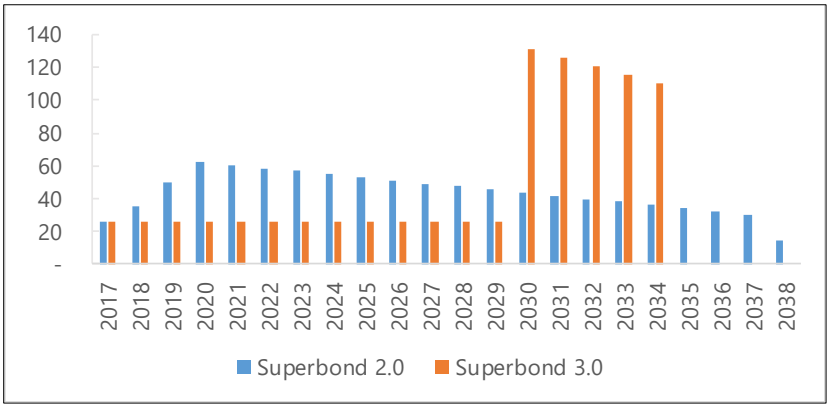
C. Outcomes

The debt restructuring provided cash flow relief to the government over the next 12 years (Figure 5). The coupon reduction together with deferral of principal repayments to outer years

[14] See Asonuma and others (2017b) for the Belize debt restructurings in 2006–07 and 2012–13.

produced US$69 million (4 percent of 2017 GDP) in cash flow relief over 2018-2020. This translated into an NPV haircut of 19.7 percent relative to market value and 30 percent relative to the face value. However, with the various fees being paid totaling US$10 million, the actual NPV haircut was 2 percent less than the above.

Figure 5. Belize Private Debt Restructuring, 2016–17: Debt Service [/1]
(in millions of USD)



At 9.1 percent, the resulting exit yield was similar to that observed in the 2012–13 restructuring (9.1 percent – Asonuma and others 2016). Following the announcement that an agreement had been reached, bond prices and yields bounced back sharply by about 300 basis points. The difference between the exit yield and the maximum yield reached in November 2016 was 866 basis points. S&P upgraded Belize to non-default rating (B-) on March 23 given completion of the debt exchange, followed by an upgrade by Moody's from Caa2 to B3 on April 11, reflecting an improvement in the government's liquidity position.

After the completion of the transaction, Belize did not re-access the international capital markets. Its last experiences of issuing external bonds or placing syndicated loans go back to 2003 and 2006, prior to the 2006-07 debt restructurings.

D. IMF Engagement and Evaluation

As in the previous two restructurings (2006–07 and 2012–13), the IMF did not have a program in place supporting the authorities' adjustment efforts. However, Fund staff engaged with the authorities during the restructuring process. After the restructuring had been completed, IMF staff visited Belize from June 6-15, 2017 to conduct the discussions for the 2017 Article IV consultation. IMF (2017)—discussed by the IMF's Executive Board in September 2017 and published in October 2017—provides an assessment of Belize's third restructuring, and the understandings reached with bondholders on an economic adjustment program.

IMF (2017) emphasized that the fiscal adjustment agreed with bondholders was not sufficient to put debt/GDP on a clear downward trajectory. It stated that to secure durable gains, the

2016–17 debt restructuring needed to be supported by a medium-term strategy that combined more ambitious and high-quality fiscal consolidation with structural measures to boost growth. Although the restructuring provided meaningful cash flow relief, and the agreed fiscal tightening was a step in the right direction, the agreement was just one element of a more comprehensive package needed to lift Belize out of high debt and low growth. The agreement reduced the cost of servicing a relatively expensive part of external debt, and the NPV gain was significant, at 28 percent.[15] However, the overall level of public debt remained very high. Further fiscal adjustment—targeting a primary surplus greater than 2 percent of GDP—would be necessary to put debt on a clear downward trajectory; the report called for a primary surplus target of 4–5 percent of GDP over the medium term. Containing government spending on wages and pensions, which was already high by international standards and projected to increase over the medium term, would be important. Concrete steps to improve the business climate, including by making it easier to start a business and get credit, could help foster growth.

IMF (2017) warned that the repeated efforts to restructure Belize's debt to external private bondholders risked undermining Belize's credibility and access to international capital markets for an extended period, in turn hurting prospects for strong and sustainable growth. The Belizean authorities appear to be well aware of this issue, as the government indicated in its December 2016 solicitation of comments from bondholders (Belize Ministry of Finance 2016c) that "No one—least of all the Government of Belize—wishes to contemplate the prospect of a fourth restructuring of these instruments."

IV. Lessons Learnt from Belize's 2016–17 Restructuring and Other Restructurings

This section presents some key features of the Belize 2016–17 debt restructuring and comparisons with other restructuring episodes. First, we compare Belize's third debt restructuring with its earlier two episodes (2006–07 and 2012–13), and then we compare Belize's repeated debt restructuring experience with debt restructuring in Antigua and Barbuda, Grenada and Jamaica over the last decade.

A. Lessons Learnt from Belize's Three Debt Restructurings

There are several common features that characterize Belize's three debt restructurings, in terms of domestic and external developments, as well as debt restructuring processes and outcomes. We discuss below these features and draw broader lessons from these experiences.

(a) Policy context

[15] Including fees and using an exit yield of 9.1 percent on March 15, 2017. NPV gain calculated as (1−NPV new debt/face value of existing debt).

Economic outcomes in Belize over the past ten years have consistently been worse than anticipated. External shocks played a key role, but domestic factors, including declining oil production and utility nationalizations, were also important.

- ***Optimistic assumptions***. The first debt restructuring in Belize took place in the eve of the 2008-09 global economic crisis, which hit the Caribbean region hard. Tourism revenues declined sharply; the average growth rate over 2009–11 in Belize amounted to just 1.2 percent—half of what was projected for these years in the IMF's 2008 Article IV report (IMF 2008). Oil also disappointed—production from a single small oil field that was discovered in Belize in 2005, just ahead of the first debt restructuring, peaked in 2009 and declined steadily since then. Weather-related events have been a recurring theme, with negative impact on economic outcomes. Hurricanes Dean (August 2007, damage estimated at about 6-8 percent of GDP) and Richard (October 2010, 3-4 percent of GDP) negatively impacted growth in the aftermath of the first debt restructuring (completed in February 2007). Hurricane Earl (August 2016, again about 3-4 percent of GDP in estimated damage) pushed growth into negative territory in 2016.

- ***Contingent liabilities***. The government's balance sheet was negatively impacted by the financial cost of state interventions in two utilities, in telecommunications (in 2009) and in electricity distribution (in 2011). In June 2016, the Permanent Court of Arbitration in The Hague awarded a higher than anticipated compensation for Belize Telemedia Limited (BTL); total compensation payments for this nationalization equal US$275 million, or more than 15 percent of 2016 GDP. For Belize Electricity Limited (BEL), compensation of US$35 million was paid in 2015.

- ***Absence of an underlying reform program to support debt restructuring***. Neither the first nor the second debt restructuring was supported by a sustained fiscal consolidation program and growth-supporting initiatives. Over the period 2007–16, a small primary surplus was maintained in most years (1.2 percent on average), corresponding to a small overall deficit (1.9 percent of GDP). The Belizean authorities did not request an IMF-supported program to support their macroeconomic policies (Belize's most recent IMF-supported program expired in 1986). IMF programs could arguably have provided a stronger framework for adjustment.

(b) Debt restructuring approach and outcomes

In all three restructurings, the GOB repeated essentially the same restructuring approach and negotiation process (Part I and II in Table 3). Key common features included: weakly preemptive restructuring approach involving missed/delayed interest payments during the negotiation, targeting only external private debt, and short duration of restructurings. Creditor committees were formed in the 2012–13 and 2016–17 cases, while a creditor representation

was established in 2006–07 case (Buchheit 2007, 2009, Asonuma and others 2017b).[16] In comparing the three debt restructurings in Belize, this section highlights the various innovations introduced in the contracts and the restructuring approaches, how they may have impacted the processes and outcomes, and what role they may have played or is likely to play in preventing repeat restructurings.

Table 3. Comparing Three Debt Restructurings in Belize

	2006-07 Restructuring	2012-13 Restructuring	2016-17 Restructuring
I. Restructuring approach			
Restructuring strategies	Weakly preemptive	Weakly preemptive	Weakly preemptive
Targeted debt instruments	External bonds/bank loans	External bond	External bond
IMF-supported program	No	No	No
II. Negotiation process			
Duration of restructurings (months)	6	7	4
Missed payments occurred	Yes - only temporarily during negotiation	Yes - only temporarily during negotiation	Yes - only temporarily during negotiation
Creditor committee/representation formed	Yes - Creditor representation	Yes - Creditor committee	Yes - Creditor committee
III. Exchanges			
Exchange methods	Exchange of 22 instruments against one bond	Exchange of one bond against one bond	Change of terms of existing bond
Change in remaining maturity (years)	16	9	-4
Change in grace period (years)	4-12	0	11
Change in coupon rate	Yes - Reduction in coupon rate on average	Yes - Reduction in coupon rate on average	Yes - Reduction in coupon rate on average
IV. Outcomes of restructuring			
Face value haircut (%)	0	10 (3)	0
NPV haircut, average (%) 2/	24	29	19.7
Market haircut, average 3/	21	33	29.9
Participation rate (%, post/pre-CACs)	98 (87 - pre-CACs)	100 (86 - pre-CACs)	100 (88 - pre-CACs)
CACs triggered	Yes - one external note	Yes	Yes
Hold-out	Yes	No	No
Litigation	No	No	No
New key legal clauses introduced	-	Committee engagement provision	Fiscal targets
V. Assessment of restructuring	Liquidity concerns addressed / Solvency concerns unsolved	Liquidity concerns addressed / Solvency concerns unsolved	Liquidity concerns addressed / Solvency concerns unsolved

Sources: Belize authorities; and authors.

1/ Discount rate at 9.1 percent which was exit yield at completion of exchange (on 3/24/2017 - the first transaction day when yields were recorded after completion of restructuring).

2/ NPV haircut is defined as 1 - Present value of new debt/Present value of old debt as in Sturzenegger and Zettelmeyer (2008). Present value of new debt and old debt is computed with the same discount rate.

3/ Market haircut is defined as 1 - Present value of new debt/Face value of old debt.

[16] Asonuma and Joo (2017) code whether the creditor committee or representation was formed. In the 2006–07 debt restructuring, a creditor representation was formed, while a creditor committee was formed in both the 2012–13 and 2016–17 debt restructurings.

- ***Introduction of new legal clauses.*** Both the 2012–13 and the 2016–17 operation included new legal clauses which made both cases unique in the universe of sovereign debt restructurings. They laid out modalities for efficient creditor negotiations and were instrumental in the rapid resolution of the 2016–17 restructuring, and limiting economic disruption. The 2016-17 debt restructuring also introduced fiscal targets (see Box 1) in the absence of an IMF program (see Box 1).

    - ***Concrete procedure for the formation of the Creditor Committee:*** The first restructuring did not involve the formation of a creditor committee, but a representation of creditors was formed. In the second restructuring, a core creditor committee was formed, accompanied by a group of creditors represented in the ad hoc committee. However, it took some time for the GOB and the Trustee to formally recognize them. In the third restructuring, the formation of the Committee was swift and was based on the provision in the existing 2038 bond contract that contained a creditor engagement clause.[17] A majority of holders of the bonds then appointed a Holder's Committee.[18] The committee was rapidly recognized by the authorities as well as the Trustee.[19]

    - ***Creditor engagement provision***: In the 2012-13 restructuring, an extensive bondholders committee engagement provision was included to augment contract enforceability in the future. The creditor engagement clause reinforced the GOB to engage in good faith negotiations and information sharing with the creditors. The GOB actively engaged with the Bondholder Committee and traveled to New York several times during the negotiating process.

    - ***Effective use of CACs***: In the 2006–07 restructuring, the exercise of CACs smoothed negotiations to yield high participation of creditors. Although there were holdout creditors in the 2006–07 restructuring, no litigation occurred. In the second and third debt restructurings, assisted by the creditor committee's familiarity with the borrower and the restructuring process, the creditor committee was able to reach a consensus resulting in high participation rates, sufficient to secure the necessary quorum to invoke the CACs. This resulted in the completion of the transaction with no holdout investors.

[17] The procedure for its formation was laid out in the clause, facilitating its rapid formation: "The holders of a Majority of the Outstanding aggregate principal amount may appoint any persons as a committed to represent the interest of the holders".

[18] The appointment became effective as of December 23, 2016.

[19] On January 9, BroadSpan announced that the BONY, in its capacity as Trustee under the indenture of the Bond has recognized the appointment of the Bondholders' Committee. BroadSpan (2017). Belize Trustee Recognizes Bondholder Committee".

- ***Principal reinstatement clause***: In the first two restructurings, coupon payments were missed and the missed payments were capitalized in the new restructured bonds. In the third restructuring, while coupon payment was missed on the due date, it was paid within the grace period. The principal reinstatement clause, which would have increased the outstanding value of the bond by 11.11 percent, no doubt played a role in ensuring that the debt service payment was paid in time.

- ***Inclusion of fiscal targets***: In the absence of an IMF-supported program, and in light of persistent failure for the GOB to maintain sufficient primary surplus to reduce the debt burden, the third restructuring introduced fiscal targets with the aim of emulating an IMF program.

- ***The restructuring approach.*** The targeting of the external bond and the consent solicitation method have contributed to a rapid resolution of the debt restructuring.

  - ***Target debt instruments***: The 2006–07 debt restructuring involved the exchange of 22 debt instruments (bonds, bank loans, notes) against one single bond. The subsequent restructurings involved the exchange of one bond for another bond, which made it simpler.

  - ***Restructuring method***: The first two restructurings were completed through an exchange offer, which retired the old bonds and loans in exchange for a new bond. The third restructuring involved a consent solicitation, in which no exchange of bonds took place. The consent from existing bondholders enabled simply to make partial amendments to the terms of the existing bond.

- ***Outcome.*** The three restructurings resulted in addressing short-term liquidity constraints, but did not resolve solvency issues. Asonuma and others (2017b) concluded that both 2006–07 and 2012–13 restructurings achieved cash-flow relief, but did not adequately address concerns over public debt sustainability and external stability (IMF 2013b). Among the noteworthy outcomes are:

  - ***Changes to the remaining grace period and maturity***: There was significant maturity extension in the 2006–07 restructuring, a further maturity extension without a change in grace periods in the 2012–13 restructuring, while there was an extension of grace periods with shortening of maturity in the 2016–17 episode.

  - ***Changes to the coupon rate***: While the first two debt restructurings built in step-up coupons, the 2016–17 restructuring avoided this feature. This might help avoid or postpone subsequent restructurings—both the 2012–13 and the

2016–17 restructuring were initiated by the Belizean authorities on the eve of higher interest rates, agreed in the previous restructurings, kicking in.[20]

- ***Limited present value relief:*** The above changes to the terms resulted in NPV haircut ranging 20–30 percent. In the 2012–13 restructuring, there was a 10-percent face-value reduction. However, overdue interest was added to the face value of the new bond (approximately 7 percent of the original principal). As a result, the "net" face value haircut was about 3 percent. While the exit yields for the second and third restructurings came out at about 9.1 percent, considering the low yield levels in the US in 2017 compared to 2013, it could be said that the real exit yield was higher in 2017 compared to 2013. Further, although both bonds reached a low market price of 33, the yields at those moments were significantly different at 26 percent and 18 percent, respectively, due to the different cash flow profiles of the bonds. This explains the much lower effective NPV haircut (or investor loss) in the third restructuring (19.7 percent) compared to the second restructuring (29 percent).

In sum, over-optimism of macroeconomic projections and regarding the external environment, along with the absence of decisive resolution of the debt overhang supported by meaningful fiscal adjustments, contributed to the repeated debt restructuring scenario that played out. New clauses introduced in the 2016-17 restructuring to mimic the presence of an IMF-supported program are unlikely to be sufficient to restore sustainability. The changes in legal clauses have increased the efficient execution of the debt restructuring process, but the effective financial relief obtained by Belize in the third restructuring was significantly less than the second restructuring. In the absence of a focused resolution of longer-term debt sustainability supported by a more decisive fiscal consolidation and more ambitious structural reforms, the risk of another debt restructuring further down the road remains high.

B. Comparison with Sequential Debt Restructurings in Antigua and Barbuda, Belize, Grenada and Jamaica

Belize's restructuring approach and process differ from those of other countries in the Caribbean region (for example, Antigua and Barbuda, Grenada and Jamaica). While Belize's restructurings included only its external debt to private creditors and were undertaken without an IMF program, both Antigua and Barbuda and Grenada took a "comprehensive" restructuring approach, i.e., restructured their private-domestic, private-external and official (bilateral) debt under an IMF-supported program, and Jamaica's restructurings involved only

[20] Both Superbond 1.0 (2006-07 restructuring) and Superbond 2.0 (2012-13 restructuring) had built in significantly higher (step-up) coupons after an initial period of low coupons and no principal repayments. The first restructuring operation set coupon rates at 4.25 percent until 2011 and 8.5 percent after 2012. Similarly, the second operation included an increase in the coupon rate from 5 percent to 6.767 percent starting in 2017, while maintaining a grace period (no principal repayments) until 2019. These design features (step-up coupons) of the 2006-07 and 2012-13 debt restructuring operations may have contributed to subsequent restructurings, with the timing of these restructurings apparently taking effect before coupons increasing.

its domestic debt within the context of IMF-supported programs. Table 4 provides a comprehensive overview and compares the Belizean debt restructuring approach with that of other countries in the region.

Table 4. Comparison between Antigua Barbuda, Belize, Grenada and Jamaica

	Antigua and Barbuda	Belize	Grenada	Jamaica
1st Sequential Restructuring				
Period	2008/12-2012/3	2006/8-2007/2	2004/10-2006/5	2010/2-2010/3
Comprehensive/selective	Comprehensive (domestic/private-external/official-external)	Selective (private-external)	Comprehensive (domestic/private-external/official-external)	Selective (domestic)
Duration of restructurings, month (only private debt restructuring)	39 (39)	6 (6)	19 (13)	1
Restructuring strategies (only private external debt)	Post-default	Weakly preemptive	Weakly preemptive	Strictly preemptive
Face-value reduction, % (domestic)	100% (external) 0%, 0% (domestic)	0%	0% (external) 0% (domestic)	0%
NPV haircuts, % (domestic, external)	100% (external) -3%, 13% (domestic)	23.7%	39.5% (external) 36.0% (domestic)	15-20%
IMF-supported program	Yes	No	Yes (only for official debt restructurings)	Yes (it went off track in 2011)
Assessment of restructuring	-	Liquidity concerns addressed / Solvency concerns unsolved	Liquidity concerns addressed / Solvency concerns unsolved	Liquidity concerns addressed / Solvency concerns unsolved
2nd Sequential Restructuring				
Period	-	2012/8-2013/3	2013/3-2015/11	2013/2
Comprehensive/selective	-	Selective (private-external)	Comprehensive (domestic/private-external/official-external)	Selective (domestic)
Duration of restructurings, month (only private debt restructuring)	-	7 (7)	32 (32)	0
Restructuring strategies, private external debt	-	Weakly preemptive	Post-default	Strictly preemptive
Face-value reduction, % (domestic)	-	10%	50% (external) 25% (domestic)	0%
NPV haircuts, % (domestic)	-	29.2%	49.0% (external) 53.9% (domestic)	24.2%
IMF-supported program	-	No	Yes	Yes
Assessment of restructuring	-	Liquidity concerns addressed / Solvency concerns unsolved	Solvency concerns expected to be addressed under appropriate policy framework	Solvency concerns expected to be addressed under appropriate policy framework
3rd Sequential Restructuring				
Period	-	2016/11-2017/3	-	-
Comprehensive/selective	-	Selective (private-external)	-	-
Duration of restructurings, month (only private debt restructuring)	-	4 (4)	-	-
Restructuring strategies (only private external debt)	-	Weakly preemptive	-	-
Face-value reduction, % (domestic)	-	0%	-	-
NPV haircuts, % (domestic)	-	19.7%	-	-
IMF-supported program	-	No	-	-
Assessment of restructuring	-	Liquidity concerns addressed / Solvency concerns unsolved	-	-

Sources: Antigua and Barbuda, Debt Management Unit (2011), Asonuma, Niepelt and Ranciere (2017), Asonuma and Papaioannou (2016), Asonuma and others (2017a, 2017b), Okwuokei and van Selm (2017),

Accordingly, two different approaches to restructuring strategies can be distinguished, leading to different outcomes. One, that of Grenada 2004–06, Jamaica in 2010 and 2013, and all three Belizean episodes, is to initiate formal or informal negotiations with creditor representatives and exchange distressed debt with no missed payments or missed payments only temporarily, i.e., weakly or strictly preemptive restructuring. In these cases, protracted negotiations and defaults can be avoided, and the restructuring can be completed in about a year at most. The

other approach, that of Antigua and Barbuda 2008–12 and Grenada 2013–15, is to miss payments unilaterally and without the agreement of creditor representatives, i.e. post-default restructuring. In these cases, restructuring negations can be much more protracted (32–39 months).

Related to these restructuring approaches and strategies, two patterns of outcomes emerge. First, weakly or strictly preemptive restructurings that result in almost zero face-value reductions, or moderate NPV haircuts (ranging from 23 to 34 percent). Second, post-default restructurings that can produce sizable face-value reductions (43.5 percent to 100 percent) and high NPV haircuts (50 and 100 percent), however, at the cost of a more prolonged period of uncertainty, and extended lack of market access.

Many of the restructurings in the Caribbean did not successfully address longer-term sustainability problems—hence the need for repeated debt restructurings. Exceptions to this are the Grenada 2013–15 and the Jamaica 2013 debt restructurings: in these two cases, debt relief was underpinned by a strong economic reform program that combined fiscal consolidation with growth-supporting measures (Asonuma and other 2017a, Okwuokei and van Selm 2017). In both Grenada and Jamaica, debt restructurings combined with strong reform efforts supported by IMF programs succeeded in putting public debt-to-GDP ratios on a clear downward trajectory from 2013 onwards.

V. CONCLUSION

Belize's attempts to reduce its debt burden with repeated debt restructurings have had mixed results. While the 2016-17 operation provided significant cash flow relief, Belize's public debt remained around 100 percent of GDP in the absence of a nominal haircut. Moreover, the repeated restructurings risk undermining the government's credibility and access to international capital markets, in turn hurting prospects for strong and sustainable growth. To lead to lasting gains, the debt restructuring needs to be underpinned by a credible and sustained program of ambitious fiscal consolidation, combined with structural reforms to boost growth.

All three of Belize's debt restructurings were undertaken outside of an IMF-supported economic reform program, unlike in other cases in the region, for example Grenada. The Belizean authorities focused on addressing immediate liquidity pressures. While all three operations succeeded in securing significant cash flow relief, this approach will likely have contributed to the three-in-a-row scenario that eventually played out.

The introduction of step-up coupons in both the 2006–07 and the 2012–13 operation may also have contributed to the repeated restructurings—the second and the third operation were triggered just at the moment when interest rates were about to step up. The 2016-17 avoided inclusion of a step-up coupon, but introduces a bundling of amortization payments over 2030-34. This may lead to debt distress in that period—unless Belize's economic fortunes improve significantly over the next 10 or 12 years. Market-based liability management operations, as conditions permit, may be needed to smooth the redemption profile.

The 2016-17 restructuring process proceeded relatively smoothly, taking just over 4 months. Various factors will have contributed to this, including the fact that only one instrument was targeted for restructuring, as well as the creditor engagement clause and the principal reinstatement clause that had been included in previous restructurings. With only two coupon payments per year on its external debt to private creditors, the February 20, 2017 coupon became a focal point guiding the negotiations. Key creditors had gained experience in previous operations, and key actors had dealt with the Belizean government in the past, as well as with each other. At the end of the process, collective action clauses were important in helping to bring on board all creditors.

The fiscal targets and the accompanying monitoring mechanism that were put in place in the 2016–17 operation are interesting innovations. This may help in putting public finances on a more sustainable footing, although the targeted primary surplus—2 percent of GDP over three years, 2018–21—would not be sufficient to put public debt on a clear downward trajectory. The monitoring and compliance mechanism agreed between creditors and the government of Belize—including the switch from semi-annual to quarterly interest payments if a target is missed—may provide a limited incentive to the government of Belize to adhere to these targets.

To avoid future debt-distress situations, the government of Belize should strengthen its efforts to reduce the public debt stock and ensure debt sustainability over the medium to long term. This will require disciplined management of the public finances within a sound macroeconomic framework, through setting realistic debt-to-GDP ratio targets. The introduction of a fiscal rule that targets a reduced debt-to-GDP ratio over the medium to long run could help to underpin a fiscal consolidation effort, and broaden support for it. A well-developed Medium-Term Debt Strategy (MTDS) could ensure the consistency of goals, as well as reduce the public debt burden by identifying appropriate financing strategies and funding sources. Particular attention should be paid to minimize debt portfolio risks, including refinancing risks, and regaining access to international capital markets. Also, efforts should be made to create fiscal buffers to secure financing for large future debt service obligations and/or realization of other contingent liabilities. Finally, a macroeconomic policy setting should be in place that guarantees economic competitiveness and sustained growth over the medium term.

REFERENCES

Antigua and Barbuda, Debt Management Unit. 2011. *Debt Profile Review: 2006 to 2010*.

Alleyne, T., I. Otker, U. Ramakrishnan, and K. Srinivasan, 2017, *Unleashing Growth and Strengthening Resilience in the Caribbean*, Washington: International Monetary Fund.

Asonuma, T. 2016. "Serial Sovereign Defaults and Debt Restructurings," IMF Working Paper No.16/66. Washington: International Monetary Fund.

Asonuma, T., D. Niepelt, and R. Ranciere. 2017. "Sovereign Bond Prices, Haircuts and Maturity," NBER Working Paper No. 23864. Boston: National Bureau of Economic Research.

Asonuma, T., T. Komatsuzaki, M. Papaioannou, S. Ogawa. 2018 "Saint Kitts and Nevis 2011–12 Sovereign Debt Restructuring: What Was Different? manuscript, IMF.

Asonuma, T., M.X. Li, M.G. Papaioannou, S. Thomas, and E. Togo, 2017a, "Sovereign Debt Restructurings in Grenada: Causes, Processes, Outcomes, and Lessons Learned," IMF Working Paper No. 17/171. Washington: International Monetary Fund.

Asonuma, T., and M.G. Papaioannou, 2016. "Domestic Sovereign Debt Restructurings: Processes, Outcomes and Challenges," manuscript, IMF.

Asonuma, T., M.G. Papaioannou, G. Peraza, K. Vitola, and T. Tsuda. 2017b. "Sovereign Debt Restructurings in Belize: Debt Sustainability and Financial Stability Aspects," Journal of Banking and Financial Economics, Vol. 2 (8), 5–26.

Asonuma, T., and H. Joo. 2017. "Sovereign Debt Restructurings: Delay in Renegotiations and Risk Averse Creditors," forthcoming as IMF Working Paper.

Asonuma, T., and C. Trebesch. 2016. "Sovereign Debt Restructurings: Preemptive or Post-Default," *Journal of European Economic Association*, Vol. 14 (1), 175–214.

Belize Bondholder Committee, 2017a. 'Belize Bondholder Committee Does Not Support Consent Solicitation, *Press Release*, New York and Boston, January 17.

———. *'Belize Holders' Committee Supports Consent Solicitation', Press Release*, New York and Boston, March 3.

Belize, Ministry of Finance, 2016a. *Press Release, November 9, 2016.*

———. 2016b. *Press Release, November 16, 2016.*

———. 2016c. *Press Release, December 6, 2016.*

———. 2017a. *Consent Solicitation Statement*, January 12, 2017.

———. 2017b. *Press Release*, February 21, 2017.

———. 2017c. *Press Release*, March 3, 2017.

———. 2017d. *Press Release*, March 15, 2017.

———. 2017e. *Press Release*, March 21, 2017.

Buchheit, L.C. 2007, "Belize's Innovations," *Journal of International Banking and Financial Law*. May 2007: pp. 278–280.

Buchheit, L.C. 2009. "Use of Creditor Committees in Sovereign Debt Workouts," *Business Law International*, Vol. 10, 205–217.

Catao, L.A.V., A. Fostel, and S. Kapur. 2009. "Persistent Gaps and Default Traps," *Journal of Development Economics*, Vol. 89 (2), 271–284.

Cruces, J., and C. Trebesch. 2013. "Sovereign Defaults: The Price of Haircuts," *American Economic Journal: Macroeconomics*, Vol. 5 (3), 85–117.

Das, U., M. Papaioannou, and C. Trebesch. 2012. "Sovereign Debt Restructurings 1950–2010: Literature Survey, Data, and Stylized Facts," IMF Working Paper No. 12/203. Washington: International Monetary Fund.

Diaz-Cassou, J., A. Erce, and J. Vazquez-Zamora. 2008. "Recent Episodes of Sovereign Debt Restructurings: A Case-Study Approach," Banco de Espana Occasional Paper No. 0804.

Duggar, E. 2013. "The Role of Holdout Creditors and CACs in Sovereign Debt Restructurings," Moody's Sovereign Default Series Compendium, October 7, 2003.

Eichengreen, B., R. Hausmann, and U. Panizza. 2005a. "The Mystery of Original Sin," in B. Eichengreen and R. Hausmann eds. *Other People's Money: Debt Denomination and Financial Instability in Emerging-Market Economies*, pp. 233–265. Chicago: University of Chicago Press.

Eichengreen, B., R. Hausmann, and U. Panizza. 2005b. "The Pain of Original Sin," in B. Eichengreen and R. Hausmann eds. *Other People's Money: Debt Denomination and Financial Instability in Emerging-Market Economies*, pp. 13–47. Chicago: University of Chicago Press.

Erce, A. 2013. "Sovereign Debt Restructurings and the IMF: Implications for Future Official Interventions," Federal Reserve Bank of Dallas Working Paper No. 143.

Finger, H., and M. Mecagni. 2007. "Sovereign Debt Restructuring and Debt Sustainability—An Analysis of Recent Cross-Country Experience," IMF Occasional Paper No. 255. Washington: International Monetary Fund.

International Monetary Fund. 2013a. "Sovereign Debt Restructuring—Recent Developments and Implications for the Fund's Legal and Policy Framework," IMF Board Paper, April. Washington.

———. 2013b. "Belize: Staff Report for the 2013 Article IV Consultation" IMF Country Report No. 13/226. Washington.

———. 2016. “Belize: Staff Report for the 2016 Article IV Consultation—Press Release; Staff Report; and Statement by the Executive Director for Belize,” IMF Country Report No. 16/334. Washington.

———. 2017. “Belize: Staff Report for the 2017 Article IV Consultation—Press Release; Staff Report; and Statement by the Executive Director for Belize,” IMF Country Report 17/286. Washington.

Jahan, S. 2013. “Experiences with Sovereign Debt Restructuring: Case Studies from the OECS/ECCU and Beyond,” in Schipke, A., A. Cebotari, and N. Thacker, eds. The Eastern Caribbean Economic and Currency Union: Macroeconomic and Financial System. Washington: International Monetary Fund.

Okwuokei, J., and B. van Selm, 2017, “Debt Restructuring in the Caribbean—the Recent Experience,” in Unleashing Growth and Resilience in the Caribbean, edited by T. Alleyne, I. Otker, U. Ramakrishnan and K. Srinivasan. Washington, DC: International Monetary Fund.

Panizza, U., F. Sturzenegger, and J. Zettelmeyer. 2009. “The Economics and Law of Sovereign Debt and Default,” *Journal of Economic Literature*, Vol. 47 (3), 651–698.

Reinhart, C., and K. Rogoff. 2005. “Serial Default and the ‘Paradox’ of Rich-to-poor Capital Flows,” *The American Economic Review*, Vol. 94 (2), 53–58.

Reinhart, C., and K. Rogoff. 2009. *This Time is Different: Eight Centuries of Financial Folly*. Princeton: Princeton University Press.

Reinhart, C., K. Rogoff, and M. Savastano. 2003. “Debt Intolerance,” *Brookings Papers on Economic Activity*, Vol. 1 (Spring), 1–74.

Schipke, A., A. Cebotari, and N. Thacker. 2013. *The Eastern Caribbean Economic and Currency Union: Macroeconomic and Financial Systems.* Washington: International Monetary Fund.

Sturzenegger, F., and J. Zettelmeyer. 2006. “Debt Defaults and Lessons from a Decade of Crises.” MIT Press.

Sturzenegger, F., and J. Zettelmeyer. 2008. “Haircuts: Estimating Investor Losses in Sovereign Debt Restructuring, 1998–2005,” *Journal of International Money and Finance*, Vol. 27 (5), 780–805.

Tomz, M., and M. Wright. 2013. “Empirical Research on Sovereign Debt and Default,” *Annual Review of Economics*, Vol. 5, 247–272.