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New GEMs Returns Data Strengthen the Evidence for Investing in Emerging Markets

The latest statistics cover more than three decades of private, public and sovereign lending and, for the first time, an analysis of returns-related data

6 October, 2026 – LUXEMBOURG – New statistics released today by the Global Emerging Markets Risk Database (GEMs) Consortium provide investors, credit rating agencies, regulators and policymakers with a broader and more granular evidence base for assessing credit risk in emerging markets and developing economies (EMDEs).

The statistics, released in three new publications, draw on pooled data from multilateral development banks (MDBs) and development finance institutions (DFIs). They cover private and public lending from 1994 to 2025 and sovereign and sovereign-guaranteed lending since 1984.

Together, the publications offer updated information on how often borrowers fail to repay (defaults), and how much lenders recover (recoveries) and how results vary by region, income group, sector, financing structure and currency.

This year's publications provide more detail for investors and other market participants. The private lending report introduces additional insights on contract-lifetime default rates, financing currency, credit enhancements, default resolution, and institutional actions. The public lending report adds analysis by currency type, default type, resolution type, and actions taken. The sovereign report incorporates estimates for unresolved default events for the first time and provides further analysis by income group, region, and credit rating.

For the first time, the GEMs private lending publication includes a pilot analysis of credit spreads used to calculate returns. The analysis is based on data submitted by GEMs members and covers the period 2006 to 2025. Over the period, the average total spread was 3.77%, in line with typical market expectations. The analysis complements default and recovery rates to provide a more comprehensive view of MDB and DFI lending performance in EMDEs.

The European Investment Bank (EIB) and the International Finance Corporation (IFC) co-chair the GEMs Consortium which is comprised of all the leading MDBs and DFIs.

“The latest GEMs statistics show that lending by MDBs and DFIs in emerging markets has delivered low defaults and strong recovery outcomes across private, public and sovereign portfolios,” said **Román Escolano, Group Chief Risk Officer at EIB, and GEMs Co-chair**. “They also demonstrate the value of long-term, institution-level data in supporting more informed risk assessment and helping mobilise private capital for sustainable development.”

Emerging markets require investment-at-scale to meet their development objectives. The GEMs database, the world's largest of credit risk statistics on MDB and DFI lending in emerging markets, helps

investors judge the likelihood that loans will be repaid and how much may be recovered if a borrower defaults. Its annual publications provide the evidence investors need to make financing decisions.

“The most important update in this year’s publications is the inclusion of a pilot analysis of spreads from select GEMs member institutions,” said **Federico Galizia, Vice President and Chief Risk Officer at IFC, and GEMs Co-chair**. “This new analysis will help investors assess the balance of risks and opportunities when investing alongside MDBs and DFIs.”

The three new GEMs publications are:

- *Default and Recovery Statistics: Private Lending 1994–2025*
- *Default and Recovery Statistics: Public Lending 1994–2025*
- *Default and Recovery Statistics: Sovereign and Sovereign-Guaranteed Lending 1984–2025*

Galytix, a U.K.-based, specialised AI firm for financial institutions, in collaboration with PwC Luxembourg, manage the GEMs database and produce the GEMs publications. To view the publications, visit www.gemsriskdatabase.org/recent-publications/.

GEMs statistics are also available on the Bloomberg Terminal by searching “GEMs” on DSET and through Data360, the World Bank Group’s open data portal.

For media enquiries contact:

Kristina Nwazota, Communications Manager, GEMs Secretariat
k.nwazota@eib.org | +1 202-422-2408 or +352 691 495 111

About GEMs

The Global Emerging Markets Risk Database (GEMs) Consortium is a joint initiative of multilateral development banks and development finance institutions that pools credit risk data on their lending operations in emerging markets and developing economies and makes the related statistics available to members and the public. Governed by a Steering Committee co-chaired by the European Investment Bank and the International Finance Corporation, GEMs is the world’s largest database of credit risk statistics on MDB and DFI lending in emerging markets. The Consortium works to improve transparency, support evidence-based risk assessment and help mobilise private investment for sustainable development. For more information, visit www.gemsriskdatabase.org.

Global Emerging Markets Risk Database (GEMS) | 2026 Key Findings

Global Statistics

In the findings below, the default rate is the average yearly share of loans that borrowers failed to repay as agreed. The recovery rate is the share of money recovered after a default.

- **Private lending:** Statistics covering 10,409 private counterparties in 159 developing countries show an **average annual default rate of 3.29%** between 1994 and 2025. The dataset includes €437.5 billion of signed financing and more than 60,000 annual observations. The **average recovery rate** on 1,659 defaulted contracts was **69.8%**. Default rates were lowest for financial institutions, while recoveries remained resilient across income groups and regions.
- **Public lending:** Lending to 1,222 public entities in 152 developing countries recorded an **average annual default rate of 1.92%** between 1994 and 2025. The dataset covers €132.7 billion of signed financing and more than 12,000 annual observations. The **average recovery rate** on 224 defaulted contracts was **80.4%**. Latin America and the Caribbean recorded the highest regional average recovery rate, at 90.4%.
- **Sovereign and sovereign-guaranteed lending:** The sovereign dataset covers 169 countries and €1.7 trillion of signed financing over the period 1984 to 2025. The **average annual default rate** was **0.79%**. The **average recovery rate** across 55 default events was **95.0%**. Of these events, more than 90% recorded recovery rates between 90% and 100%.

Statistics By Region

Regional results show distinct but broadly resilient credit performance across the three portfolios.

- In **East Asia and Pacific**, average annual default rates were 3.64% for private, 2.99% for public and 0.51% for sovereign lending, with average recoveries of 69.9%, 66.7% and 96.5%, respectively.
- **Europe and Central Asia** recorded comparatively low defaults of 2.74%, 1.00% and 0.33%, alongside average recoveries of 69.6%, 86.6% and 92.3%.
- **Latin America and the Caribbean** had the lowest private-sector default rate at 2.56%. The default rate for public lending was 1.31% and, for sovereign lending, 0.84%. The region recorded the highest average recovery rates for public and sovereign lending, at 90.4% and 98.2% respectively; the private recovery rate was 68.9%.
- In the **Middle East, North Africa, Afghanistan and Pakistan**, defaults averaged 3.22% for private, 1.50% for public and 1.16% for sovereign lending, while private and public recoveries were the highest or near-highest regionally, at 74.8% and 90.0%, and sovereign recovery averaged 91.6%.
- **South Asia** recorded private and public default rates of 2.78% and 0%, respectively, and no public or sovereign defaults; private recovery averaged 69.1%, while public and sovereign recovery statistics were not available because there were insufficient qualifying defaults.

- **Sub-Saharan Africa** recorded the highest private and public default rates, at 5.49% and 3.47%, and a sovereign default rate of 1.13%. Even so, recoveries remained high at 72.0% for private lending, 78.3% for public lending and 95.0% for sovereign lending. This shows that a higher rate of default did not necessarily translate to weaker recoveries.