

PRESS RELEASE

New Statistics from GEMs Consortium Show Risk of Investing in Emerging Markets Is Lower than Commonly Perceived

Luxembourg, 7 October 2025—New default and recovery statistics released today by the Global Emerging Markets Risk Database (GEMs) Consortium shed light on investment risks in emerging markets and developing economies (EMDEs) and provide new views on potential opportunities for investment and diversification through increased transparency.

EMDEs face challenges financing their development needs, including a potential cumulative shortfall of more than \$10 trillion by 2050, according to the Organisation for Economic Co-operation and Development (OECD). The GEMs statistics, released in three new publications, share insights from multilateral development banks (MDBs) and development finance institutions (DFIs) into the credit risk performance of their lending to public, private, and sovereign and sovereign-guaranteed entities in EMDEs. The findings indicate the possibility of mobilizing increased capital to help address EMDEs' finance shortfall.

The publications, *Default and Recovery Statistics: Private Lending 1994-2024*; *Default and Recovery Statistics: Public Lending 1994-2024*; and *Default and Recovery Statistics: Sovereign and Sovereign-guaranteed Lending 1984-2024*, include new, more granular statistics than were shared in previous publications, providing investors and other GEMs users with greater insights and more information.

Main Findings:

- **Private Lending**

Between 1994 and 2024, loans from MDBs and DFIs to more than 10,000 private entities, including financial institutions and companies in 169 countries, had an average default rate of **3.54 percent**, similar to default rates of private firms in advanced economies. Loans to private entities also showed strong recovery performance, with an average annual recovery rate surpassing global benchmarks at **72.9 percent**. By sector, defaults were lowest in financials at 2.26 percent. The financial sector also showed the highest recovery rate at 79.1 percent. By region, while default rates were highest in Sub-Saharan Africa (6.05%), the recovery rate in Sub-Saharan Africa was also the highest across regions at more than 78%.

- **Public Lending**

Statistics on MDB and DFI lending to public entities—municipalities and companies that are at least 50 percent state-owned—showed a decline in the percentage of defaults over decades. Between 1994 and 2024, public entities had an average default rate of **2.61 percent**, with a lower average default rate between 2004 and 2013 compared to the previous decade and the downward trend continuing between 2014 and 2024. Recovery rates for more than 1,000 public entities averaged **85.8 percent**, the high success rate owing in part to the benefit of state guarantees. Latin America and the Caribbean recorded the highest average recovery rates while East Asia and the Pacific recorded the lowest.

- **Sovereign and Sovereign-guaranteed Lending**

Direct lending by MDBs to 167 sovereign EMDE countries and their states, institutions, or agencies with an explicit sovereign guarantee also showed strong performance. Over a 41-year period, 39 countries defaulted, with 15 countries having ongoing defaults at the end of 2024. The annual default rate averaged **0.77 percent**, in part reflecting a change in GEMs

reporting methodology for sovereign and sovereign-guaranteed lending. Default rates captured by MDBs on their lending to sovereign entities were significantly lower than those observed by international credit rating agencies for sovereign lending from non-MDB lenders. Recovery rates on loans to sovereign and sovereign-guaranteed entities averaged **95.1 percent**.

- **New Metrics in This Year's Publications**

The three new GEMs publications include new metrics for default rates, including by country and sector, by income group and region, and by project type. For recovery rates, these include by continent, by sector groupings, by World Bank region and Global Industry Classification Standard (GICS), by seniority, and by project type.

"By providing more granular statistics that risk and investment professionals can use in their pricing and risk models, GEMs enables investors, credit rating agencies and policy institutions to better understand and manage investment risks in regions that have historically been underserved by empirical credit risk information," said Gregor Cigüt, Head of the GEMs Secretariat based in Luxembourg.

"With trillions in annual investments needed to meet global development and climate goals, we must make EMDEs investable at scale," Cigüt said. "GEMs provides the statistical foundation to help investors meet that goal."

To view the three new GEMs publications, visit www.gemsriskdatabase.org/recent-publications/.

GEMs statistics are also available on the [Bloomberg Terminal](#) by searching "GEMs" on DSET <GO> and at [Data360](#), the World Bank Group's Open Data portal.

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About GEMs

The Global Emerging Markets Risk Database (GEMs) Consortium is a joint initiative of 29 multilateral development banks (MDBs) and development finance institutions (DFIs) that pools credit risk data on their lending operations in Emerging Markets and Developing Economies (EMDEs) and provides members and the public with the related statistics. Governed by a Steering Committee co-chaired by the European Investment Bank (EIB) and the International Finance Corporation (IFC), GEMs is the largest database of credit risk statistics on EMDEs. The GEMs Consortium is committed to raising awareness of its statistics to spur private investment in EMDEs and support standard setting bodies and pivotal stakeholders in their assessments and perceptions of credit risks in EMDEs. For more information about GEMs, visit www.gemsriskdatabase.org