

# IIF Best Practices for Investor Relations

The IIF Best Practices For Investor Relations are voluntary guidelines which were formulated in [2005](#) based on the Institute of International Finance (IIF) Action Plan of 2002.

Successful investors relations programs (IRP) feature direct communication between sovereign borrowers and market participants. The ***IIF Best Practices for Investor Relations*** help define the types of formal communication channels available to country authorities and guide the establishment of this connection with market participants. Proactive communication between a sovereign borrower and its creditors helps to ensure that economic decision making is interpreted with the appropriate macro and country-specific context, while also providing a mechanism for domestic and non-resident investors to relay feedback on market conditions, policy expectations, and any other areas of concern. IRP best practices also stress the need for greater transparency of the government's: relevant contractual borrowings, its strategic economic objectives, and its environmental, social and governance (ESG) priorities, including measurement and disclosure processes towards stated ESG goals and objectives.

These best practices incorporate the following elements:

## I. IRO/IR Staff

The Investor Relations Office (IRO) is the first formal point of contact between market participants and authorities. It is a “one-stop shop” through which authorities can provide investors relevant data and information from the full spectrum of official sources, and investors can access relevant policymakers and provide policy feedback. It is important to have a designated Investor Relations (IR) officer, or IRO; however, the location of the office is not important (i.e., within the Treasury, Central Bank, or Ministry of Finance).

The job of the IRO staff is a dynamic one. The staff should:

- Facilitate two-way communication channels with investors through emails, conference calls, and the IR website.
- Brief senior policymakers on market feedback and concerns, overall market sentiment with respect to asset class and general global environment, and anticipated market reactions to policy changes under consideration.
- Disseminate relevant macroeconomic data and policy information (see below) to market participants and answer questions about the data, information, and other related issues.
- Disseminate relevant ESG data and policy information (see below) to market participants and answer questions about policies, plans, financing needs, and other related issues.
- Coordinate access to data and information from various official institutions and develop a network of officers in various government agencies and the Central Bank who can answer investor queries and consult on policies and regulations as appropriate.
- Coordinate access of market participants to senior policymakers, particularly during times of stress.
- Coordinate the country's interagency message and convey this message to investors.
- Present a coordinated and streamlined message and explain any changes in policies or data.
- Maintain credibility by acknowledging any policy weaknesses and concerns about the economy at investor briefings.
- Manage relationships with credit and ESG rating agencies. This requires solid understanding of rating methodologies and proactive engagement with rating agencies to bridge information gaps.
- Coordinate with Primary Dealers (PDs) that act as a channel between sovereign debt managers and investors in the primary market. Active engagement with PDs would support IR efforts.

IR officials have identified **proximity to senior policymakers** as one of the most crucial aspects of an IRO. Commitment by senior policymakers at the highest level to the IR program is crucial to the effective functioning of an IRO. At the same time, it is important that the IRO and its staff be insulated from changes in the political environment.

The core staff should have an understanding of market practices as well as economic and ESG policies and should be able to articulate these to both policymakers and investors. Regular contacts with investors also help the IRO staff develop a “fabric of trust,” thereby anticipating and reducing vulnerability to shifts in market sentiment. In addition, regular use of outside market sources should enable IRO staff to gauge investor perceptions and shape an effective communication strategy. As investor confidence begins to slip, more direct involvement of senior policymakers in the IR process may be required.

## **II. IR Website**

Countries should have a **dedicated IR website** which regularly updated in both the local language and English.

The IR website is a vehicle for providing relevant data and information to investors in a user-friendly format. It is a tool to efficiently convey a country’s policy objectives to the market with an option for seeking feedback and answering questions. It enables IRO staff to survey investors regarding future policy direction or to conduct self-assessments. To be effective, an IR website needs to present **concise information in a simple format** that is well-organized, user-friendly, and easy to navigate. It should have the following components:

- Information on economic and ESG data and policies as defined below. These data should be in a format that can be readily manipulated by investors.
- The IR website should include an advanced search function to allow users to locate content easily.
- Archived presentations or audio/video streaming of investor teleconferences or videoconferences.
- Links to websites for various official agencies and reciprocal links to their own website on those agencies’ sites.
- Registration for investors who would like to be included in IR activities.
- Frequently asked questions (FAQs).
- Contact information for the IRO and relevant IR staff.

## **III. Dissemination of Macroeconomic Data and Policy Information**

The IRO is responsible for coordinating and collecting market-relevant data and information to be disseminated on a timely basis to investors through the IR website or by email to an investor contact list. To be effective, the IR staff should execute this function using the following operating principles:

- **Timely and regular dissemination of up-to-date data releases and policy information.** Use a release calendar to notify the market of upcoming releases well in advance. This will help dispel market speculation that may emerge from lack of information.
- **Provide specific information.** Rather than broad general information, provide specific, tailored interpretations that give insights into the information. This is particularly important when the information flow is negative or during difficult circumstances arising from higher risk aversion by market participants or challenging domestic economic or political conditions.
- **Clear and user-friendly format.** Provide data in electronic format, such as Microsoft Excel or other commonly used formats, which allows for easier manipulation, as opposed to providing PDF and Word formats. In addition, present data in a time series of at least two years, as opposed to just current data and previous period data. The highest level of “market-friendliness” is the ability for investors to specify parameters such as time period and currency to obtain tailor-made time series

that can be downloaded into Excel or through an Application Program Interface compatible with data science tools and languages. Quality data in categories most useful to the market are preferred over large quantities of data that are less useful. In terms of data provision, special efforts should be made regarding forward-looking information. The IRO should “defend” or explain forecasts provided in a timely manner. IROs should let investors know if there have been any changes in the technical definitions of data or revisions made to the data.

The following types of information—core statistics for fundamental economic analysis—should be disseminated on a quarterly basis to investors through the IR website or to a comprehensive “investor list” via email notification:

- **Data on economic performance** based on international data standards as they pertain to the International Monetary Fund’s (IMF’s) encouraged special data dissemination standard (SDDS). This requires timely provision of statistics of the real sector as well as of the fiscal, external, and financial sector statistics. These data should be supplemented as necessary by methodological notes. The IRO website should contain an indexed archive of the data or links to other government sites where the data are available. Countries are encouraged to subscribe to the IMF’s SDDS Plus.
- **Data for financial soundness indicators (FSI)** as identified by the IMF, include the reporting of core and additional sets of indicators. These include FSIs for deposit takers, real estate markets, money market funds, insurance corporations, pension funds, nonfinancial corporations, and households, with the aim of providing greater insights into the linkages between the financial and real sectors.
- **Forward-looking information on economic policies** such as budget projections, monetary policy targets, and structural factors (e.g., legal, regulatory, governance frameworks) supported by data as appropriate. Reporting should also include an assessment of the environmental impacts of budgetary and fiscal policies, key debt management strategy, annual borrowing plans and issuance calendar. The IRO website should also contain an indexed archive of this information.
- **Data budget operations and debt obligations:** Country authorities should disseminate key data related to central government operations, central government debt, and external debt in a timely manner:
  - **Central government operations.** Budget transparency is at the core of debt sustainability analysis. Tracking data for central government operations in a timely manner allows investors to make informed decisions. Countries should disclose the debt management strategy, annual borrowing plans and issuance calendar. This information should include the rationale for each planned borrowing and ex-post assessment of public debt operations.
  - **Central government debt.** The assessment of debt sustainability is an integral feature of country risk assessment. Disclosure of debt service schedules and currency breakdowns are needed to provide a more accurate picture of countries’ future payment obligations. Countries should disseminate information that reflects liabilities of the central government in a comprehensive fashion and, where relevant, debt of other entities that is guaranteed by the central government. Disclosure of such information can help identify fiscal risks under different scenarios at an early stage.
  - **External debt.** As demonstrated by previous crises, a country’s debt profile can influence its resilience to external shocks. The availability of assets and liabilities of the private and public sector held by non-residents provides a picture of potential balance sheet vulnerabilities in domestic sectors. To carry out an adequate assessment of a country’s international position, investors value the availability of non-resident holdings of private and public debt issued domestically as well as the resident holdings of external debt issued internationally.

#### **IV. Enhanced Transparency Practices**

With new forms of lending scaling up and the investor base broadening for many debtor countries, the lack of granular data on debt beyond the central government's debt obligations could undermine investor confidence. Market participants have highlighted the crucial importance of the availability of granular categories of information in five key areas<sup>1</sup>:

- (1) Broader debt stock coverage is important for establishing the credibility of a country's fiscal plans and supporting market confidence. Coverage should include:
  - a. Publicly guaranteed debt
  - b. Local and state government debt
  - c. State-owned Enterprises' (SOEs') debt
  - d. Off-balance sheet liabilities, contingent public-sector liabilities related to public-private partnerships (PPPs), pension obligations, central bank repos and swap lines
  - e. Collateralized/resource-backed debt
  - f. Long-term trade credits
- (2) Creditor and currency composition of public external debt by instrument, both for domestic and external debt.
- (3) Debt service profile by creditor and instrument, both for domestic and external debt.
- (4) Countries should disseminate data on debt stock and debt service profile on a quarterly frequency. The dissemination of debt stock at nominal, market and face value is strongly encouraged.
- (5) Countries are strongly encouraged to maintain a publicly accessible database of their domestic and external bond prospectuses, and publicly release key financial and legal terms on their project-related and other loan contracts with all external creditors. **Public disclosure of relevant transaction-level information will improve the assessments of debt sustainability and enhance debtors' credibility with creditors.** The relevant transaction-level information could initially include the items listed in the [Information Matrix Template](#) that was developed by the IIF and OECD for the Implementation of the [IIF's Voluntary Principles for Debt Transparency](#).<sup>2</sup>

#### **V. Dissemination of ESG Data and Policy Information**

Countries should maintain a timely flow of information on governments' ESG policies and progress. IR websites can usefully display commitments made under international environmental agreements, progress toward the UN's sustainable development goals (SDGs), and any domestic sustainability objectives. Countries should disseminate information on the environmental and social dimensions of budgetary and fiscal policies. This includes disclosure of climate commitments, targets, forecasts, scenarios, and outcomes in a clear and timely manner. In addition, IROs should seek to publish:

- a. Framework legislation that articulates national sustainability objectives and the role of green, social or sustainable (GSS) bond and loan issuances to help achieve those objectives.
- b. A log of GSS issuance and supporting documentation, which, in addition to the prospectus, may include: reporting on eligible projects and planned allocations, impact (expected and realized), as well as third-party verification documents.
- c. National green or social taxonomies, and their prospective role in helping 'green' domestic financial systems.

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<sup>1</sup> Countries are strongly encouraged to subscribe to the IMF's [SDDS Plus](#)

<sup>2</sup> The explicit support of sovereign debtors for market-led transparency initiatives, such as the IIF Voluntary Principles for Debt Transparency, is crucial for fostering transparency in the private sector's cross-border lending activities. For instance, extensive use of confidentiality clauses in loan agreements could be a constraint on private sector lenders' ability to disclose transactions.

- d. Disclosure of other plans and policies in support ESG priorities, which may include reporting on climate change mitigation commitments (NDCs, net-zero targets); climate change adaptation priorities and related funding needs; an accounting of climate and natural capital risks and opportunities; budget-level climate or social expenditures.

## **VI. IR Contact List**

The IRO should develop and maintain a comprehensive list of contact information for investors, analysts, rating agencies, and other market participants who regularly track the country. This list should be supplemented with contact information for institutions that have key relationships with local financial institutions. The list should be maintained regularly and can be enhanced to target specific investors, if appropriate. Countries should maintain comprehensive contact lists so that they know, at any given time, who their investors are and so can evaluate how certain types of creditors will behave during times of vulnerability.

## **VII. Feedback and Communication Channels**

Feedback mechanisms are essential to foster two-way communication between investors and policymakers. Formal, regular channels should be created for responding to questions from investors, encouraging feedback about concerns, and communicating this information to key policymakers to enable them to make market-informed policy decisions.

These channels could be established through:

- Teleconferences or webcasts with investors.
- Conferences, seminars, and educational workshops
- Bilateral meetings between investors and senior policymakers.
- Phone or email contacts via the IRO.
- Interactive deal/non-deal roadshows.
- Social media sides

**Teleconferences or Internet-based webcasts** should be led by senior decision makers such as the undersecretary of finance, deputy governor of the Central Bank or the head of the Debt Management Office and can be moderated by the head of the IRO. Teleconferences/webcasts on key economic data and policies should be conducted on a quarterly basis, at a minimum. In addition, issue-oriented conference calls that are not part of the regular framework can help address questions and dispel rumors related to specific events or policy decisions.

Investors should be alerted about upcoming teleconferences/webcasts via email and should be provided with relevant information in advance to facilitate feedback and questions and to enable policymakers to focus on key issues. Policymakers should understand and communicate in the “language” of the investor community. Presentations should be uncomplicated and “forward-looking.” Teleconferences and webcasts should be recorded for replay, and any associated material provided in advance to investors should be archived on the IRO website. To provide a level playing field, policymakers should provide the same information to all investors, and at the same time to the greatest possible extent.

**Investors value face-to-face interaction with senior policymakers through bilateral meetings.** They should be able to contact **IRO staff via email or phone** directly to ask specific questions or to arrange meetings with senior policymakers. If the IRO staff is unable to process the request directly, it should coordinate with counterparts in other government agencies, ensuring that it can respond to investors in a timely manner. Non-deal roadshows to key financial capitals (conducted on a semi-annual basis or as opportunities arise) can be used to foster dialogue. Additional interactions become even more important when a country faces challenges.

## **VIII. Conduct During Times of Diminishing Market Confidence**

Issuers who support the [Principles for Stable Capital Flows and Fair Debt Restructuring](#) agree **that countries accustomed to dealing proactively with market participants will have a head start** in stepping up the consultation process in response to signs of eroding market confidence. Such swings in market sentiment may be attributed to challenging economic and political prospects or contagion from developments in other markets.

As market confidence begins to diminish, authorities should intensify consultations with market participants. IR staff can help deflect contagion by providing investors with a better understanding of policy goals and prospects, respond to investor inquiries, and in effect help investors differentiate among countries within the same asset class. In cases where challenging domestic conditions exist, the involvement of senior policymakers in the IR process is essential to adding credibility to policies. Under these circumstances, policymakers at the most senior level should make exceptional efforts to help alleviate market uncertainty by explaining the rationale of economic measures undertaken and demonstrate their preparedness to take market feedback into account when formulating additional action. The frequency of economic data and policy information provided to investors should be maintained or intensified—not reduced.

Teleconferences or webcasts with investors should become more frequent and led directly by finance ministers, Central Bank governors, or other senior policy officials as necessary. In such circumstances, an appropriate tool for engaging in a direct dialogue with investors may be interactive non-deal roadshows in key financial capitals. Such roadshows should be conducted by senior policymakers from all appropriate official agencies.

## **IX. Regular Self-Assessment**

IROs should conduct annual assessments to ensure they are providing the best possible services to policymakers and investors, including providing timely, accurate, and relevant information, reaching all targeted investor groups, receiving and effectively processing feedback, and using the most optimal technology to reach out to investors. IRO staff can conduct self-assessments or use outside consultants such as the IIF's Sovereign Investor Relations Advisory Service (SIRAS). Investor surveys on the IRO website or to the investor contact list also would be useful. To be effective, IRO activities can be benchmarked against IIF IR best practices or other guideposts, such as corporate IRO best practices.

## **X. Press and IR**

Several authorities have explored co-mingling press and IR functions in a single IRO. While the thrust of these functions is similar, as they both involve communicating with the external environment, the key differences between them provide convincing arguments that they should be kept separate.

- **Audience.** IR staff must deal daily with market participants who track a country's economic performance and policies on a regular basis. These investors and creditors are sophisticated in their knowledge, and they demand specific detail about the environment and outlook for economic policies and data. The press, on the other hand, is more interested in "big-picture" information that would appeal to its own audience rather than in technical details.
- **Content.** Investors require market-relevant information or data on economic policies that conform to international standards, forward-looking information on economic policies such as budget projections and monetary policy targets, and information on legal and regulatory frameworks. This information must be tailored to reflect the different requirements of various investor groups, such as bondholders, in both domestic and international capital markets. Press content focuses more on broad issues related to economic policy or political developments that do not require technical explanation or a detailed understanding of policy formulation.
- **Staff.** The skill set of IR staff differs significantly from that of press relations staff. Most importantly, to effectively communicate with market participants, IR officers must be able to speak in the language of the market (i.e., have an in-depth technical understanding not only of a country's economic performance and policies but also of how markets operate). They must be able to answer investor queries and provide market feedback to senior policymakers. While press relations staff must have a basic understanding of economic performance and policies, their skills should mostly be focused on public relations and dealing with press contacts, as well as "managing" both positive and negative political developments.