



STATISTICS

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Debt Statistics in the Context of Debt Sustainability Analysis

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Debt Statistics in the Context of Debt Sustainability Analysis

2019 GFSAC

WASHINGTON DC

Background and outline

- Background:
 - Debt data gaps are important challenges to debt sustainability analysis in LICs and LMICs
 - G-20 notes¹ prepared jointly by IMF/WB provide an overview of debt transparency issues and our remedies (incl. a revamped LIC DSF which provides stronger incentives for broader debt coverage and better debt data reporting)
 - Ongoing discussions on debt coverage/reporting requirements for MAC DSA
- Outline of the presentation:
 - What does a DSA do?
 - Good debt data are important for DSAs
 - Where do debt data for DSA come from?
 - Debt data collection through surveillance
 - Do we have all the debt data we need?
 - Where do key data gaps lay?
 - Remedies

¹ <https://www.imf.org/external/np/g20/pdf/2018/072718.pdf>

What does a DSA do?

DSA is the main instrument for assessing the sustainability of a member country's fiscal and financing plans and its debt vulnerabilities.

- DSAs make available a wealth of debt information.
- DSAs are produced frequently and are generally published.
- Published DSAs are widely accessed and used by various stakeholders in the international financial community.

Good debt data are important for DSAs

Data needs for producing a DSA are large and require comprehensive debt coverage and precise information on debt service flows and commitments in order to produce a sound assessment.

- 20-year projections for LICs and 5-year projections for MACs

For practical purposes, frequency, reliability, and accessibility of debt data are also important.

Key Inputs	
LIC DSF	Macro-fiscal indicators: Real GDP growth GDP deflator inflation Interest rate Exchange rate Public sector revenues Public sector expenditures Current account balance
	Debt-financing indicators: Existing stock of debt Debt service of existing debt New disbursements and their financing terms
	Debt profile indicators:† Composition of public debt by maturity/currency Non-resident holdings of public debt
MAC DSA	Macro-fiscal indicators: Real GDP growth GDP deflator inflation Interest rate Exchange rate Public sector revenues Public sector expenditures Current account balance
	Debt-financing indicators: Existing stock of debt Debt service of existing debt New disbursements and their financing terms
	Debt profile indicators: Composition of public debt by maturity/currency Change in short-term debt Non-resident holdings of public debt

Where do debt data for DSA come from?

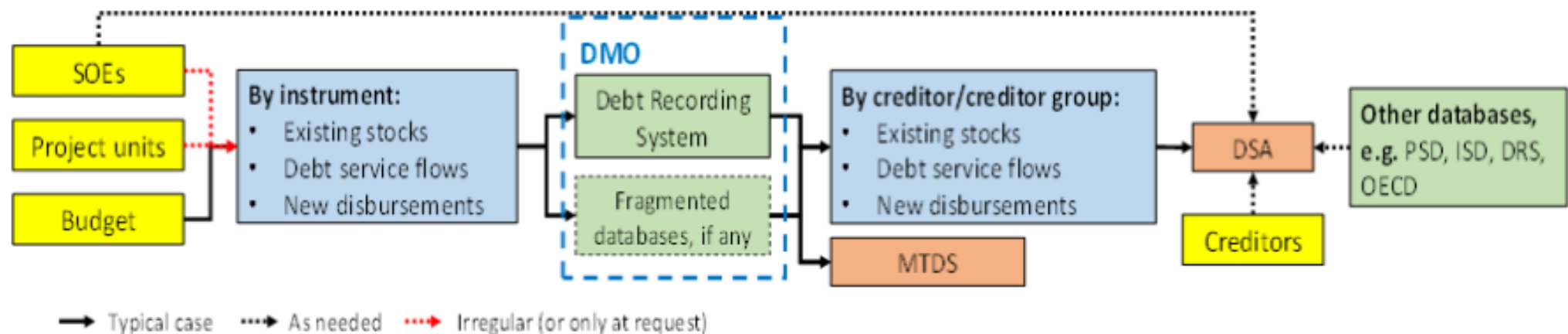
The IMF and the World Bank disseminate debt data collected from member countries, and promote data dissemination by members.

Several debt databases have been developed and expanded over time reflecting evolving needs for debt data and debt data transparency, but

- Institutional coverage varies across the databases.
- Reporting by countries to the IMF and World Bank's debt databases is uneven.
- Progress on reporting on domestic borrowing has been slower.
- A persistent issue is the lack of comparability among some of the databases and the country-specific information used for operational purposes.

Debt data collection through surveillance

In practice, Fund/Bank country teams also rely on their surveillance/TA function to collect a large amount of granular debt data and information, which is often a difficult process.



Do we have all the debt data we need?

Due to data limitations, debt coverage in DSAs is unfortunately often too narrow. The implication is debt may be substantially higher than known, creating ample room for unexpected debt increases.

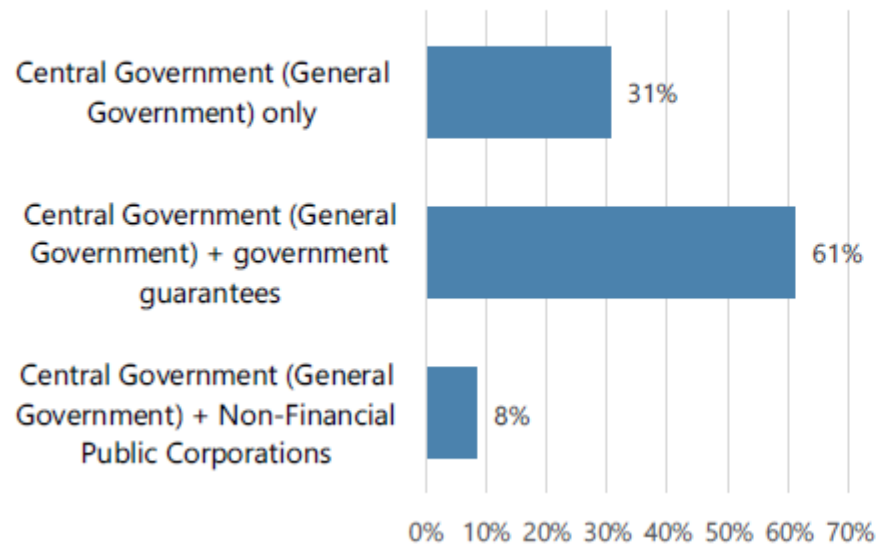
- Very few LIDCs provide adequate debt data.
- In many, coverage is limited to the central government, guaranteed debt is omitted in a third of cases, and the broader public sector is covered only rarely.

There are also important information gaps on terms and conditions of debt, collateral requirements, and uncaptured loan commitments.

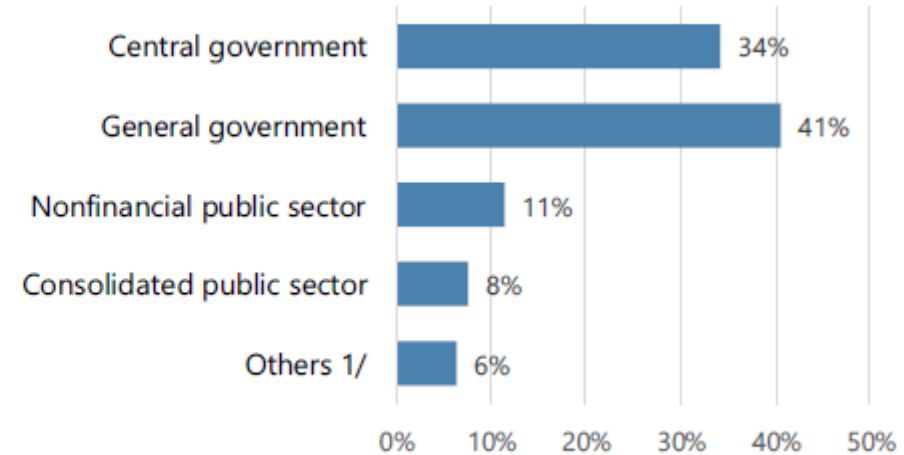
- For bilateral lending, only two thirds of IMF country teams find information to be reasonably clear, with information on loans from PC members assessed as clearer than for NPC members.

Debt coverage is often too narrow

LIC DSAs (share of LIDCs)



MAC DSAs (share of EMs)



1/ Where coverage is not based on traditional GFS definition.

Where do key data gaps lie?

Guarantees (still a problem)

Off-budget government liabilities (incl. SOE debt, PPP liabilities)

Innovative financial instruments to hide government liabilities from public eyes

Magnitude, terms and conditions of lending by nontraditional creditors

Remedies

Debt data coverage and reporting requirements for DSAs have been strengthened to incentivize better data collection and recording.

Progress has been made in recent years in improving the collection of data on public and publicly guaranteed external debt.

The IMF and World Bank both have initiatives underway to further improve debt data availability.

Capacity building, which is key to improving debt data management, will carry on.