



Thirtieth Meeting of the IMF Committee on Balance of Payments Statistics

Paris, France
October 24–26, 2017

BOPCOM—17/15

The Role of BOPCOM in External Debt Statistics

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Recent discussions on the future role of the Interagency Task Force on Finance Statistics (TFFS)¹ have led to proposals to replace the TFFS and its sub-structures with a new body—the Inter Agency Working Group on Debt Statistics (IAWGDS). The proposed mandate of the IAWGDS would be to address data management issues. Methodological work currently under the TFFS’ remit would come under the purview of either BOPCOM or the Government Finance Statistics Advisory Committee (GFSAC). The views of the Committee are being sought on bringing methodological issues related to external debt statistics under its remit, including those that may be raised by the IAWGDS. The progress report on the work of the TFFS is presented in Annex I.

Attached is the paper submitted by the Chair of the TFFS.

Question to the Committee

- 1. Do Committee members agree to include in Committee’s work program methodological issues related to external debt statistics?*

¹ The Bank for International Settlements (BIS), Commonwealth Secretariat (ComSec), European Central Bank (ECB), Statistical Office of the European Communities (EUROSTAT), International Monetary Fund (IMF), Organization for Economic Co-operation and Development Organization (OECD), United Nations Conference on Trade and Development (UNCTAD), and World Bank, attended the meeting. The Paris Club Secretariat was unable to attend. The meeting is chaired by the Statistics Department of the IMF. The minutes of the 2016 TFFS meeting are available at <http://www.tffs.org/meetings.htm>

Attachment: Review of Task Force on Financial Statistics (TFFS) and Its Sub-Structures

I. BACKGROUND AND MOTIVATION

1. The mandate of the TFFS is as follows (www.tffs.org):
 - a. It sets methodological standards for statistics on external debt, and on public sector debt;
 - b. It promotes data availability on financial stocks, particularly external and public sector debt;
 - c. It encourages internationally accepted statistical practices to enhance data quality; and
 - d. Fosters inter-agency collaboration in statistical capacity building.
2. In the wake of the financial crises of the mid-1990's, its mandate was broadened in 1998, to coordinate work to improve the methodological soundness, transparency, timeliness, and availability of data on external debt and international reserves. The TFFS meets annually either in Washington or in Europe, at the Headquarters of one of its members. The TFFS reports every three years to the United Nations Statistical Commission, and annually to the IMF's Committee on Balance of Payments Statistics
3. The current members of the TFFS are the Bank for International Settlements (BIS), the Commonwealth Secretariat (ComSec), the European Central Bank (ECB), Eurostat, the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), the Paris Club Secretariat, the United Nations Conference on Trade and Development (UNCTAD), and the World Bank. It is chaired by the Statistics Department of the IMF.
4. The TFFS has been in existence since 1992, under the auspices of the United Nations Statistical Commission (UNSC) to take stock of the activities of the international organizations involved in finance statistics and to make recommendations aimed at streamlining their work, particularly to avoid duplication of activities. Now, after more than two decades, it was deemed appropriate to review the relevance of TFFS's purpose and existence based on the following premises:
 - Some elements of the TFFS's work have drawn to a successful conclusion. For example, the publication of the latest External Debt Statistics (EDS) and Public Sector Debt Statistics (PSDS) guides as well as the establishment of the EDS and PSDS databases.

- Other global committees, such as the Committee on Balance of Payments Statistics (BOPCOM), the Government Finance Statistics Advisory Committee (GFSAC), and the Inter-Agency Group on Economic and Financial Statistics (IAG) have been created and play a leading role in the two areas of responsibility of the TFFS (i.e., external and government debt). Therefore, there is a need to rationalize, create synergies, and ensure effective and efficient international cooperation.
- Three sub-structures also exist, namely the External Debt Statistics Working Group (EDSWG), the Public Sector Debt Statistics Working Group (PSDSWG), and the Country Engagement Group (CEG) (a sub group of the PSDSWG).
- The member composition of the four bodies is largely the same.
- The long lifespan of the TFFS and the addition of three sub-structures put into question the overall organizational setting and efficiency, including whether it is task force, an oversight body or a group of experts working on a sequence of specific tasks.
- Even allowing for the past successes of the Task Force, it is fair to say that substantial doubts are evident, namely:
 - a. In the last years, the actual methodological work of the Task Force has levelled off;
 - b. The members of TFFS and its three working groups are basically the same;
 - c. The overall level of infrastructure is felt to be too top-heavy.
- With these criticisms in mind, it is deemed appropriate that there should be a rationalization of the overall structure, while finding a consolidated and slimmer structure to serve adequately the two related databases.

II. ISSUES TO BE ADDRESSED

5. In considering closure to the TFFS, it is important to reflect on the activities that will need to be sustained by any new arrangements that come up. These are the following:

- To develop methods, standards, and guidance on both external and public sector debt statistics that conform to the System of National Accounts (SNA), Balance of Payments (BOP), and Government Finance Statistics (GFS) standards as required, to ensure these products remain relevant to policymakers and other users;
- To ensure that efforts to improve the capabilities in countries with low statistical capacity for producing debt statistics are sustained by the relevant international agencies that provide assistance;

- To ensure roles and responsibilities in the gathering and generation of debt statistics as meaningful global indicators is managed and maintained in such a way as to minimize the response burden on national-level statistics compilers.

Work in these three areas must be done in accordance with best practices at establishing global statistical standards and products. In addition, the body should promote that any output produced could be reviewed by appropriate country representatives to ensure practical adherence by countries, to the extent possible.

III. WAY FORWARD

6. Methodological issues, which used to be discussed within the TFFS, could be addressed by the existing BOPCOM and GFSAC. However, BOPCOM's and GFSAC's current remit does not generally extend to the areas of data management and capacity building—which were also covered by the TFFS.
7. It is proposed that a new operational body, focused on data management issues—**Inter Agency Working Group on Debt Statistics (IAWGDS)**—will take over the non-methodological responsibilities of the TFFS as well as the data management work of its three sub-structures,² namely the EDSWG, the PSDSWG, and the CEG. The proposed IAWGDS would primarily discuss and decide on Data Management and Capacity Building matters. Methodological matters, if and when the IAWGDS deems necessary, will be addressed to the BOPCOM or GFSAC.
8. The TFFS, formally and procedurally, reports to the UNSC. In that respect, it is proposed that the new body (IAWGDS) reports to the Inter Agency Group on Economic and Financial Statistics (IAG). For this to progress, the Chair of the Task Force will make the necessary application to the IAG, and subsequently the new setting will be notified to the UNSC.
9. The IAG, BOPCOM, GFSAC, and Inter Agency Working Group on National Accounts (IAWGNA) are the high-level committees that will advise on methodological standards and guidance on debt statistics.
10. It is equally proposed that the methodological issues of the IAWGDS's work program be discussed at either BOPCOM or the GFSAC. In that respect, any recommendations or suggestions on methodological issues for external debt statistics would be addressed to BOPCOM and on public debt statistics to the GFSAC. In the case of overlapping issues between external and public debt, the IAWGDS shall coordinate between BOPCOM or GFSAC, as required. This arrangement assumes that the agencies currently serving on the TFFS are represented on either BOPCOM or GFSAC, if so they deemed it convenient.

² At this stage, the IMF proposes that a freeze on the TFFS, allowing an interim period for the proposed structure to be effected; then the TFFS could be formally wound up. The membership of the old TFFS should be included in the new group.

11. The advantage of the proposed IAWGDS is that it addresses the joint concerns of having too many bodies—with a similar composition—reporting on similar items whilst also ensuring that necessary work items are carried over from the TFFS's remit. A group of this nature, rather than the complex form of the existing TFFS and its associated sub-structures setting, is deemed to be the most appropriate way to ensure that there is an international group ready to address debt issues as they arise. It is also considered that the proposed new structure would also best fit the ongoing requirement of working with others in the global financial statistics community.

12. It is proposed that the IAWGDS organizes bi-annually Video Conferences. Physical meetings are not expected but could be organized on an ad-hoc basis, if deemed to be necessary. With regard to the governance structure, it is also suggested a rotating chairmanship, so that each member would act as chair for a period of two years, with the handing over of the chair from one organization to the next at the end of this period. The chairing institution will also provide the Secretariat on an equally rotatory basis.

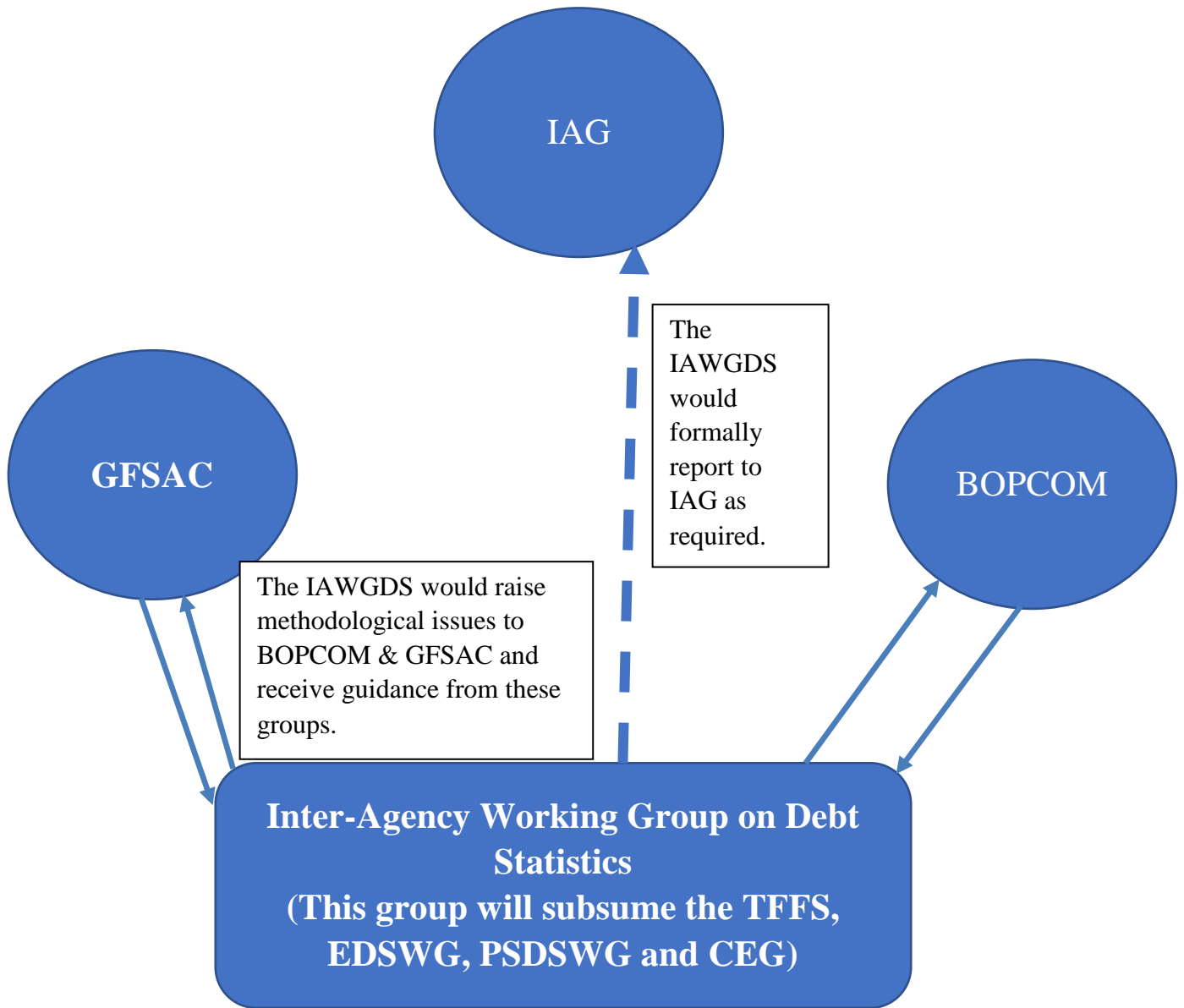
IV. OTHER ISSUES TO CONSIDER

13. It is also recommended that the TFFS should be put on hold until there is a sufficient determination that the new simplified structure and migration of its work program have been successful.

14. Any existing debt statistics database matters discussed at the TFFS (for instance, the Joint External Debt Hub) will be part of the IAWGDS program.

15. The proposed IAWGDS should continue to adopt a collaborative approach through which different agencies mutually support training activities on debt statistics.

Structure of Proposed New System



Annex I: Progress Report on Work of the Interagency Task Force on Finance Statistics

I. AVAILABILITY OF DEBT DATA

A. Joint External Debt Hub

1. The World Bank revamped the JEDH website, with the view of making it more user friendly. The revamped website (<http://www.jedh.org/>) is the only international database that brings together EDS and selected foreign assets from international creditor/market and national debtor sources.

B. World Bank Quarterly External Debt Statistics (QEDS) Database

2. The External Debt Statistics Working Group (EDS WG), which was established in mid-2015, continued to hold quarterly videoconferences during the year. The EDS WG identified the work plans of the members, timeliness, and expected outcomes under the four objectives of the medium-term external debt statistics strategy: (a) increase number of reporting economies (mainly, Enhanced General Data Dissemination System (e-GDDS) economies); (b) increase data granularity (mainly for the Special Data Dissemination Standards (SDDS) subscribers and SDDS Plus adherents); (c) opening up the range of data sources, while ensuring that data ownership remains with countries; and (d) raise awareness of QEDS for end-users and data compilers. In addition, the working group provided valuable feedback on the presentation of the QEDS metadata.

3. With a view to increasing e-GDDS economies' participation in the QEDS, the IMF informed during the EDS WG meetings of the new capacity development project targeting 17 francophone economies in West and Central Africa, most of which are not currently reporting to the QEDS database. The World Bank WB is collaborating to put together information from the Debt Reporting System (DRS) and QEDS data collection regarding those 17 countries. UNCTAD and ComSec also send out information on their debt recording systems in these countries. The work plan for the project has key objectives, and the participation in QEDS database is promoted as part of the international investment position (IIP) initiative. The IMF already conducted 15 technical assistance missions and two workshops under this project. So far, the missions are providing a better insight on the countries' reporting possibilities.

4. In October 2014, the World Bank, in collaboration with the IMF, launched the new QEDS database in line with the 2013 *EDS Guide/BPM6* guidelines (<http://datatopics.worldbank.org/debt/home>). As of August 2017, 123 economies reported quarterly external debt position data to the SDDS/QEDS (76 economies) and GDDS/QEDS (47 economies). Currently, all 60 SDDS subscribers, as well as the 14 SDDS Plus adherents, the Euro Area, and New Zealand report Table 1 of the SDDS/QEDS—the prescribed SDDS external debt table. There were no new GDDS economies joining the GDDS/QEDS database this year but two existing countries resumed reporting (Pakistan and Tajikistan). Currently,

47 of 111 e-GDDS participants (42 percent) report to the GDDS/QEDS. Notably, 35 of them are also reporting the prescribed SDDS external debt (Table 6 of the new GDDS/QEDS). Therefore, over 100 economies report now the prescribed SDDS quarterly external debt to QEDS.

5. On progress in the adoption of the 2013 *EDS Guide/BPM6* basis, 67 economies reported to the SDDS/QEDS database on a 2013 *EDS Guide/BPM6* basis. Regarding the GDDS/QEDS database, 35 economies (compared to 30 one year ago) reported their own data on a 2013 *EDS Guide/BPM6* format.³

6. The number of reporters for the tables of the QEDS database containing additional information (encouraged and supplementary tables) is increasing but there is ample room for further progress. As of August 2017, 38 economies reported the SDDS/QEDS Table 2 on foreign and domestic currency breakdown of the gross external debt position;⁴ 17 reported Table 3 on debt-service payment schedule; 15 reported Table 4 on principal and interest payments due in one year or less; 31 reported Table 1.2 on breakdown of other sectors; 15 reported Table 2.1 on gross external foreign currency debt by main currencies; and 14 economies reported Table 3.1 on short-term remaining maturity. The reporting of this additional analytical information on the gross external debt position is particularly useful in a context of growing interest in more granular position data.⁵

QEDS Metadata Questionnaire

7. The World Bank updated and published the QEDS metadata on the QEDS database based on the responses received from economies that responded to the QEDS metadata questionnaire. In addition, a metadata section in the World Bank Debt Portal (<http://datatopics.worldbank.org/debt/qeds>) was added in order to make the metadata more accessible to users; it includes metadata by country, as well as cross-country metadata for selected metadata types.

8. The World Bank introduced full indicator names (series names) in the QEDS database to make indicators names more user-friendly and self-explanatory. The previous indicator names that used numbers and table numbers as part of the indicator name were renamed to the full indicator names using sector, maturity, and instrument.

³ To maintain a single comprehensive database covering historical (consistent) data, the World Bank converts data reported on a 2003 *EDS Guide/BPM5* basis to *EDS Guide/BPM6* using generic conversion rules.

⁴ The GDDS/QEDS database also includes a table on foreign and domestic currency breakdown of public and publicly-guaranteed private sector external debt. Currently, the foreign/domestic currency split is reported by 31 economies (66 percent of GDDS reporters), compared to 28 economies one year ago.

⁵ In this regard, to support the analysis of currency mismatches and liquidity risks, the second phase of the G-20 Data Gaps Initiative (DGI-2) includes a recommendation on IIP (Recommendation II.10), which underscores the reporting of additional analytical international investment position (IIP) information on the currency composition of external assets and liabilities and remaining maturity data.

C. Quarterly Public Sector Debt Statistics Database

9. The Quarterly Public Sector Debt Statistics (QPSD) database comprises data on gross public sector debt position at nominal value. Specifically, data on Central Government is compulsory with all other areas of Government (e.g., General Government, provided on a voluntary basis). The minimal requirement is reporting central government debt position data by type of instrument. The database is a collaborative effort by the World Bank, Eurostat, OECD, and the IMF.

10. As of August 2017, 85 economies provided position data for the QPSD database, out of which 83 economies reported data between 2016Q1 and 2017Q1 for central government, 64 economies for general government, and 32 economies for the nonfinancial public sector. Only 27 economies reported data for the public sector as a whole. The PSDS WG (with representatives from ComSec, ECB, Eurostat, IMF, OECD, UNCTAD, and World Bank) is contributing to the ongoing development of the joint database. The group fosters consistency across international organizations and facilitates discussion and consensus building on key issues related to PSDS. One of the major undertakings of the group relates to further improving the transparency of gross public sector debt data disseminated through the World Bank/IMF/OECD PSDS database by introducing the matrix presentation. This debt data presentation using the matrix approach (which is debt coverage classified according to the aggregates D1–D4, and sector coverage classified according to the aggregates GL1–GL5) has been implemented in the QPSD database. A note explaining the various concepts has also been included for users. The World Bank is also working on the metadata to further improve the transparency of the database.

11. The PSDS WG has met once (April 2017) since the last meeting of the TFFS and will continue to meet as normal until the status of the TFFS (or its' successor, as appropriate) has been confirmed.

12. In order to strengthen the transparency and cross-national consistency of PSDS, the TFFS continues to endorse the reporting of all debt instruments for general government as a benchmark for achieving greater fiscal transparency in PSDS. This is consistent with other initiatives including the standard template for Recommendation # 16 in the DGI-2 (previously Recommendation # 18 in the DGI-1) and the SDDS Plus category on general government gross debt.

II. CAPACITY BUILDING

13. The Fund continued providing technical assistance (TA) for improving the capacity to compile and disseminate the external debt statistics and continued promoting the 2013 *EDS Guide* through training courses. In March 2017, two one-week regional training on external debt statistics were conducted in St. Kitts and Nevis and Thailand; it will also be conducted in United Arab Emirates in December 2017. The two-week course on external debt statistics

will be conducted in Washington DC in November 2017.⁶ The IMF also conducted the two-week course on cross-border position statistics—which includes work on external debt statistics and the linkages of different datasets within the international accounts—at the IMF Regional Training Centers in Vienna (January 2017), Brasilia (March–April 2017), and Mauritius (July 2017). A one-week version of this course was conducted in China, Thailand, and United Arab Emirates in September 2017.

14. As part of its ongoing work, the IMF also delivers technical assistance and training in the public-sector debt area. TA activities are undertaken in the context of the 18-month regional project to improve government finance and PSDS in targeted Southeastern European countries (Albania, Bosnia and Herzegovina, Kosovo, Macedonia, and Serbia).⁷ Additionally, the IMF conducts PSDS training and workshops on a regular basis; an in-country workshop was held in Bahrain in September 2016, a similar workshop was recently held in Washington DC (August 2017).⁸ Finally, several countries would have received PSDS training as part of a GFS mission, for example countries that are covered by the JAS program, received training in this regard.

15. ComSec and UNCTAD also provided support to countries in the production and dissemination of debt statistics, through conferences, regional workshops, and country-specific activities.

16. ComSec is now in the last phase of developing its new debt management system which is due for release in 2018. The new system is designed to better support countries conform to international standards for debt recording and dissemination as recommended in both the *PSDS Guide* and *EDS Guide*. ComSec organized one training workshop on compilation and dissemination of debt statistics through use of the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) in Lesotho in conjunction with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) and trained 36 debt managers from all of the MEFMI member countries.

17. ComSec continued to assist Cyprus with the implementation of CS-DRMS in the Public Debt Management Office. The Secretariat further assisted Cyprus through a country mission on validating the debt database recorded in CS-DRMS. The mission also updated the installation of CS-DRMS to the latest version. The system has been enhanced to help advanced countries like Cyprus better record, maintain, and report on specific debt instruments. The mission also took the opportunity to discuss with senior government

⁶ HQ external debt statistics courses have been conducted every other year since 2005.

⁷ The project started in November 2014 and is financed by the Swiss Government Funding/State Secretariat for Economic Affairs (SECO).

⁸ Further workshops are planned for the remainder of Fiscal Year 2017, for example in Kyrgyz Republic and Jordan (for Iraqi officials).

officials on the possible participation of Cyprus in User Acceptance Testing and Piloting of the new ComSec public debt management system.

18. UNCTAD has organized from August 2016 to July 2017 one regional workshop in collaboration with MEFMI for 4 Southern African countries (Burundi, Uganda, Zambia, and Zimbabwe) and conducted 15 in-country training events (Albania (2), Angola, Central African Republic, Côte d'Ivoire, Moldova (3), Gabon, Indonesia, Sudan (2), Uzbekistan, Venezuela, and Zimbabwe) related to strengthening capacities in the compilation and dissemination of debt statistics. These workshops used the Debt Management and Financial Analysis System (DMFAS) Programme's debt validation, debt statistics, and debt portfolio analysis capacity-building courses, which contribute to the dissemination of the guidelines defined in the *EDS Guide* and the *PSDS Guide*.

19. UNCTAD installed the latest DMFAS 6 version—which incorporates methodological standards promoted by the *EDS Guide* and *PSDS Guide*—at the Ministries of Finance of the Central African Republic, Togo, and Sudan as well as at the Central Bank of Sudan. During the DMFAS installations, the DMFAS Programme continues to actively promote the use of unified databases including public and private guaranteed and non-guaranteed external debt data, thereby facilitating the reporting, in particular to the QEDS and PSDS databases. A new release of DMFAS 6, including updates and enhancements on many modules of the system was distributed in December 2016 to the 47 DMFAS user institutions worldwide.

III. FORWARD WORK PROGRAM OF THE TFFS

20. With the completion of methodological work and the establishment of debt databases, the main activities in the 12-month work program agreed at the March 2017 TFFS meeting continue to focus on the discussion and implementation of the medium-term strategies to address data gaps and improve country coverage for both external (QEDS) and public sector debt (QPSD) databases. The main vehicles to implement these strategies are the EDS WG and the PSDS WG with strong reliance on inter-agency collaboration to attain the objectives.

21. With the future role of the TFFS currently up for discussion, the work program for the various working groups that presently report to the TFFS will carry on as normal pending clarification of the new work arrangements (see Annex II). In the area of QPSD, the focus remains on improving the number of countries reporting to the database, along with an improvement in the coverage of the data being reported by existing respondents. On QEDS database, the work continues to focus on discussing and implementing actions towards improving data reporting and awareness of the database. The World Bank will also work on ensuring the QEDS metadata coverage for all participating economies. Further prioritized outreach as a way to improve awareness of debt statistics databases will be pursued. Finally, ComSec's and UNCTAD's work on the Debt Data Quality Assessment Methodology (DeQAM) initiative will result in improved debt data reported by countries to international databases such as QEDS/QPSD.