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Capacity Building Needs in Debt Management: Responses from International Organisations

by

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD
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Capacity Building Needs in Debt Management: Responses from the IMF

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IMF has a multifaceted approach to public sector debt issues

- Development of **statistical methodology & standards**
  - Technical assistance & training in applying these
  - Dissemination of statistics
  - Evaluation of countries’ compliance with international statistical standards

- **Debt sustainability analysis** (DSA) to support surveillance

- Technical assistance and training in debt statistics, debt management and related topics:
  - Public financial management (PFM), institutional arrangements, debt structure, debt operations, funding strategy, capital market development, and debt restructuring
Public sector debt statistics, DSA, and debt management

Statistics
- Methodology
- Data standards and codes
- Publication of government finance statistics (and public sector debt statistics)
- Technical assistance and training in compiling statistics

Public sector debt DSA and debt management
- Surveillance, programs
- Technical assistance and training in public sector debt management
Statistics Methodology:

- IMF is responsible—in cooperation with other agencies—for internationally accepted manuals:
  - External sector statistics (BPM6 & External Debt Guide)
  - Government finance statistics (GFSM 2001 + update)
    - Including public sector debt statistics

- All manuals & guides are harmonized, to the extent possible, with the System of National Accounts (SNA)
Statistics Methodology:

- Public Sector Debt Statistics Guide
  - First global guide on compiling public sector debt statistics
    - Drafted under joint responsibility of 9 organizations, broad inclusiveness of IMF departments, and consultation with country compilers of government finance & public sector debt statistics
  - Available at: www.tffs.org/PSDStoc.htm
  - Focuses on
    - Improving the quality and timeliness of general government and, more broader, public sector debt statistics; and
    - Promoting a convergence of recording practices

  ➔ to produce comprehensive, internationally comparable data
  - “survey” of institutional coverage, instrument coverage, valuation, etc. in recent public sector debt statistics courses showing wide variation among countries
Statistics Data standards and codes

- Standards have two tiers:
  - General data dissemination system (GDDS)
    - 102 countries
  - Special data dissemination standard (SDDS)
    - 68 countries

- Both cover government debt statistics
Publication of government finance (GFS) and public sector debt statistics

- GFS are disseminated in the IMF’s
  - GFS Yearbook
    - Annual data for about 110 countries
  - *International Financial Statistics (IFS)*
    - Monthly and quarterly data for about 80 countries
  - World Economic Outlook → now using *GFSM 2001* framework
  - FAD Historical Debt Database

- Collaboration with World Bank on collection and dissemination of quarterly public sector debt statistics
  - 34 countries are currently participating with major efforts underway to expand participation
Technical assistance & training

- Technical assistance (TA) in compilation and dissemination of government finance statistics data
  - About 40 mission per year

- MCM technical assistance and training in the areas of medium-term debt management strategy (MTDS) formulation and other public debt-related issues.
Technical assistance & training

- TA work is reinforced by training courses & workshops for member country officials in Washington, D.C., and at regional training centers.

- For example, in calendar year 2011:
  - GFS course in Washington, DC (4 weeks) [40 countries]
  - GFS course in China, PR (2 weeks) [China]
  - GFS workshop for SADC countries (2 weeks) [15 countries]
  - PSDS course in Vienna for G20 & selected emerging countries (2 weeks) -- [17 countries]
  - PSDS course in Vienna for former centrally planned economies (2 weeks) [20 countries]
  - PSDS course in Brazil for Latin American countries (1 week) -- [25 countries]
Technical assistance & training

MCM – TA on Medium Term Debt Management Strategy and Debt Market Development.

• For example, for 12 months to October 2011:
  
  • 7 MTDS missions
  
  • 7 other debt management missions
  
  • 8 debt management workshops
Public Sector Debt Issues in the IMF’s Surveillance Mandate

- Within bilateral surveillance*, as relevant, focus on
  - Debt sustainability
  - Debt composition and debt structures
  - Debt strategies
  - Debt markets
  - Debt institutions
  - Debt statistics to inform IMF Article IV consultations

* Surveillance is an essential aspect of IMF’s responsibilities associated with overseeing the policies of its members in complying with their obligations specified in the IMF’s Articles of Agreement.
Public Sector Debt Surveillance

- Debt sustainability analysis (DSA)
  - Framework consists of two complementary assessments of the sustainability of
    - Total public sector debt
    - Total external (i.e., public and private) debt

- DSA framework is consistent with Public Sector Debt Statistics Guide
  - Needs cross-country comparable data for triggers
Public Sector Debt Surveillance

In the context of multilateral surveillance, key developments are monitored through:

- *World Economic Outlook (WEO)*
- Regular coverage in the *Global Financial Stability Report*
- Fiscal Monitor
- Annual IMF *Public Debt Manager’s Forum*
Public Sector Debt Management: Technical Assistance and Training

- IMF’s technical assistance in public sector debt management focuses on frameworks for public sector debt management and legal aspects
  - Overall framework for public sector debt management
    - Include design and implementation of a medium-term debt management strategy (MTDS)
  - Fiscal framework for public sector debt management
    - Fiscal policy aspects and public financial management in general
  - Globalization of debt markets require a broader approach

- Training courses cover
  - Institutional arrangements for debt management
  - Debt portfolio risk management
  - Debt strategy development and implementation
  - Debt market development / other public debt-related issues
Thank you!

Questions?