



Improving Public Debt Statistics in the Caribbean

**2nd Meeting of Caribbean Debt Managers
Porta Hotel, Antigua, Guatemala
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Outline

Why the need for comprehensive, accurate and reliable debt statistics

Steps to improve data compilation

Steps to improve data validation

Steps to strengthen data presentation

Steps to improve debt reporting

Why the need for good public debt statistics?

Debt Monitoring

- ◆ Allows debt office to monitor the evolution of the public debt and its debt service obligations over time

Early Warning Signal

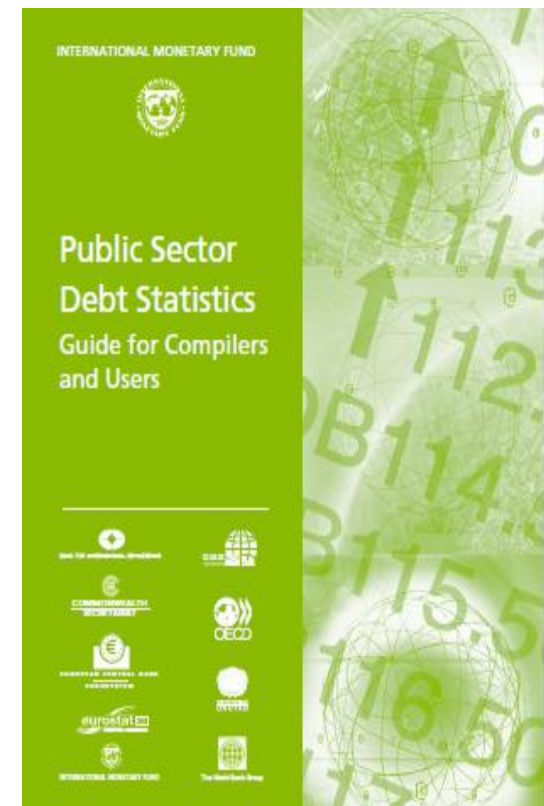
- ◆ Provides early warning signal of possible debt servicing problems over time

Assists Budget Preparation

- ◆ Serves as an essential input for government budget preparation

Debt and Fiscal Analysis

- ◆ Provides the basis for rigorous analysis necessary for fiscal sustainability analysis, portfolio and risk analysis and for developing a comprehensive medium-term debt management strategy



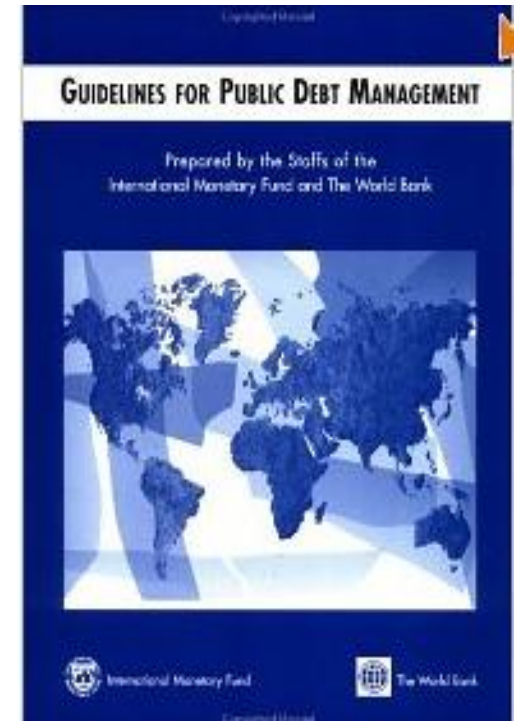
Why the need for good public debt statistics?

Strengthens Transparency and Accountability

- ◆ The Guidelines state that:
 - “The public should be provided with information on the past, current and projected budgetary activity, including its financing, and the consolidated position of the government.”

IMF/World Bank - February 2001

(Guidelines for Public Debt Management)



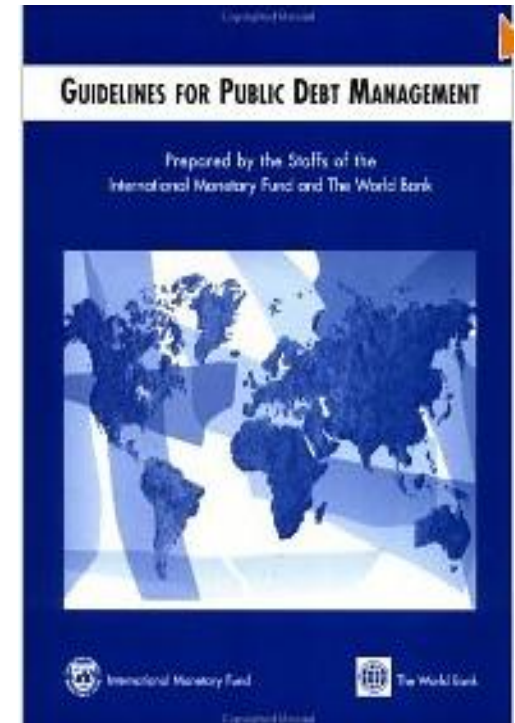
Why the need for good public debt statistics?

Debt Management Strategy

- ◆ Facilitates the development and implementation of a comprehensive debt management strategy
- ◆ The Guidelines state that:
 - “Debt managers should carefully assess and manage the risks associated with foreign currency and short-term or floating rate debt.”

IMF/World Bank - February 2001

(Guidelines for Public Debt Management)



The need for comprehensive, accurate and reliable debt statistics

Steps to improve data compilation

Steps to improve data validation

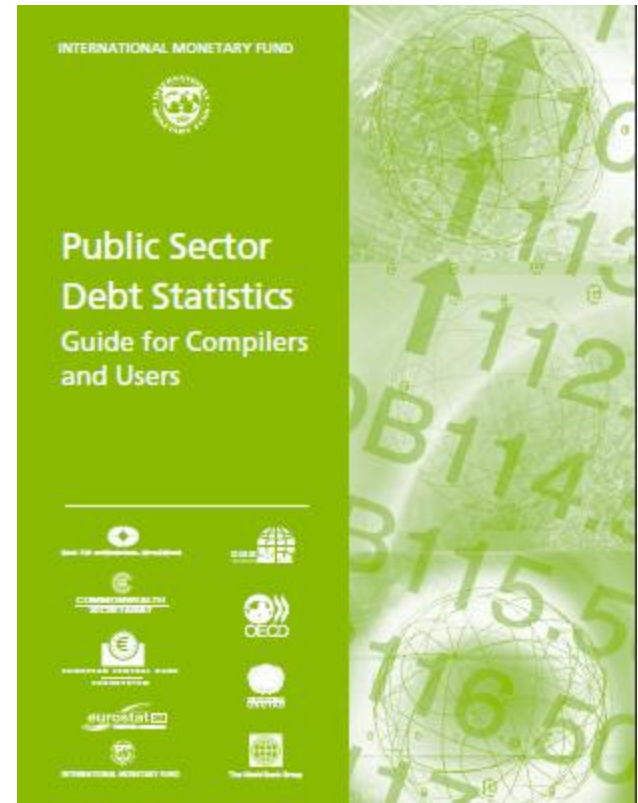
Steps to strengthen data presentation

Steps to improve debt reporting



Information to be compiled

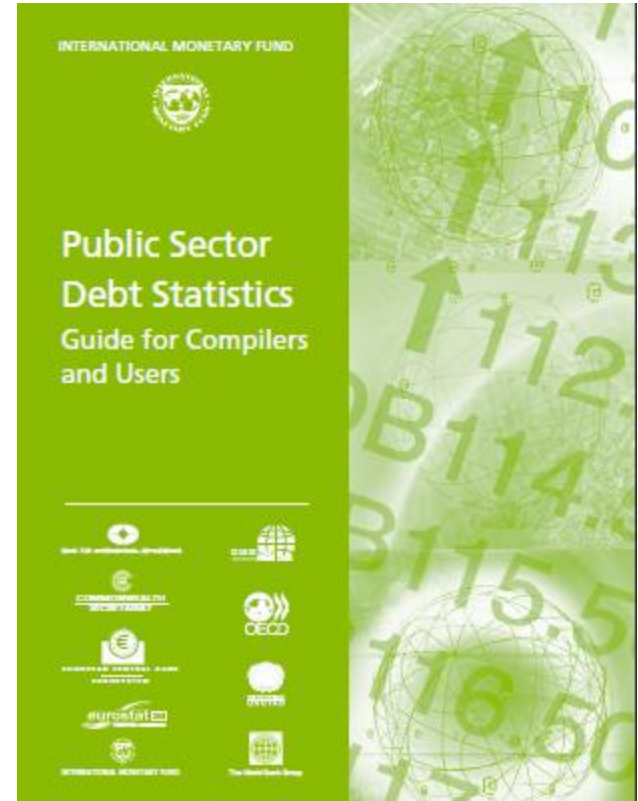
- ◆ Instrument Details
 - Agreement date, purpose of borrowing, type of instrument, effective date, type of borrowing, currency of borrowing, participants, guarantee s status
- ◆ Disbursements
- ◆ Borrowing Terms
 - Interest, principal, commitment fees, other fees, **penalty fees**,
- ◆ Actual Transactions
- ◆ Debt Restructuring
- ◆ **Financial Derivatives**



Information to be compiled

◆ Additional Data Requirements

- Exchange rates
 - Daily
- Interest Rates
- **Discount Rates**
 - Use the OECD monthly CIRR rates
 - Available at www.oecd.org
 - Allows calculation of PV and grant element
- **Macroeconomic Data**
 - Enter annual CY/FY data
 - Allows system to generate comprehensive debt indicators



The need for comprehensive, accurate and reliable debt statistics

Steps to improve data compilation

Steps to improve data validation

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Steps to improve debt reporting

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"Next time be more careful where you put the decimal point!"

Need for data validation

- ◆ Data validation crucial in ensuring the compilation of reliable public debt statistics
- ◆ Debt managers need to:
 - ◆ **Use data entry sheets (DES)** as a control measure
 - ◆ **Verify data recorded in DES** with data extracted from debt instruments agreements, statements, etc
 - ◆ **Verify data input in debt system** (e.g. CS-DRMS) with DES



Need for data validation

- ◆ Debt managers should also:
 - ◆ **Develop procedures manual** to detail procedures for treating different types of debt
 - ◆ **Periodically reconcile data** obtained from one source with other sources of information
 - ◆ **Periodically reconcile debt data** with **external creditors** and **major domestic investors**
 - ◆ **Validate payment notifications** against data
 - ◆ **Have two person** validation and verification process



The need for comprehensive, accurate and reliable debt statistics

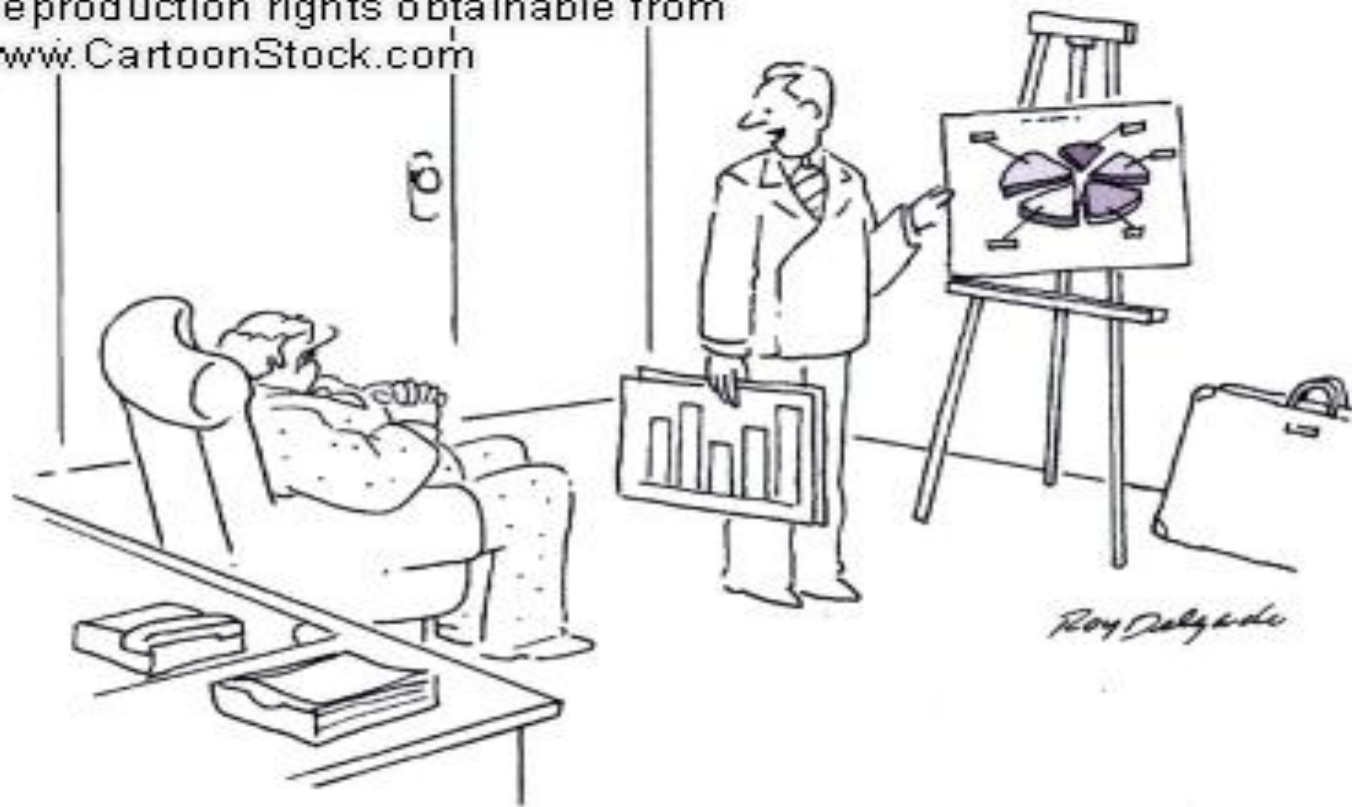
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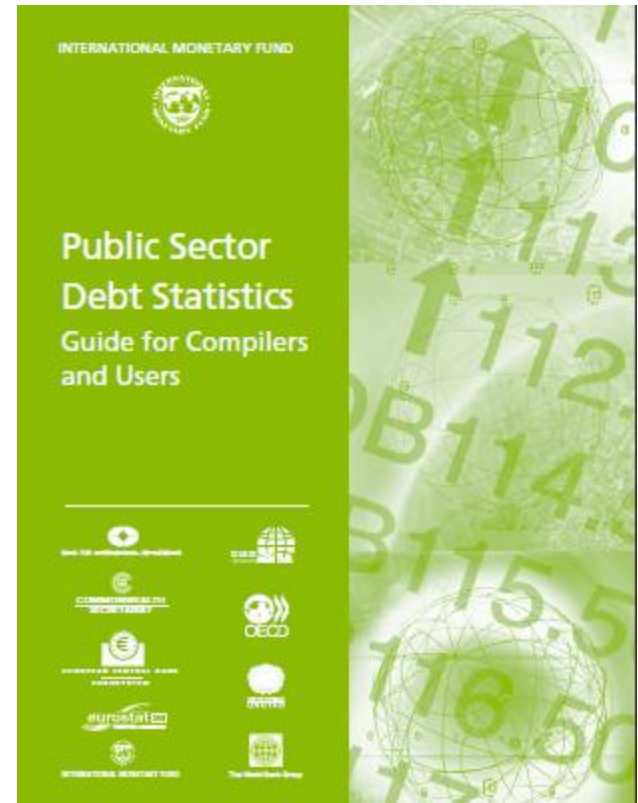
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" Do you want your pie-chart with everything ? "

Presentation of public sector debt statistics

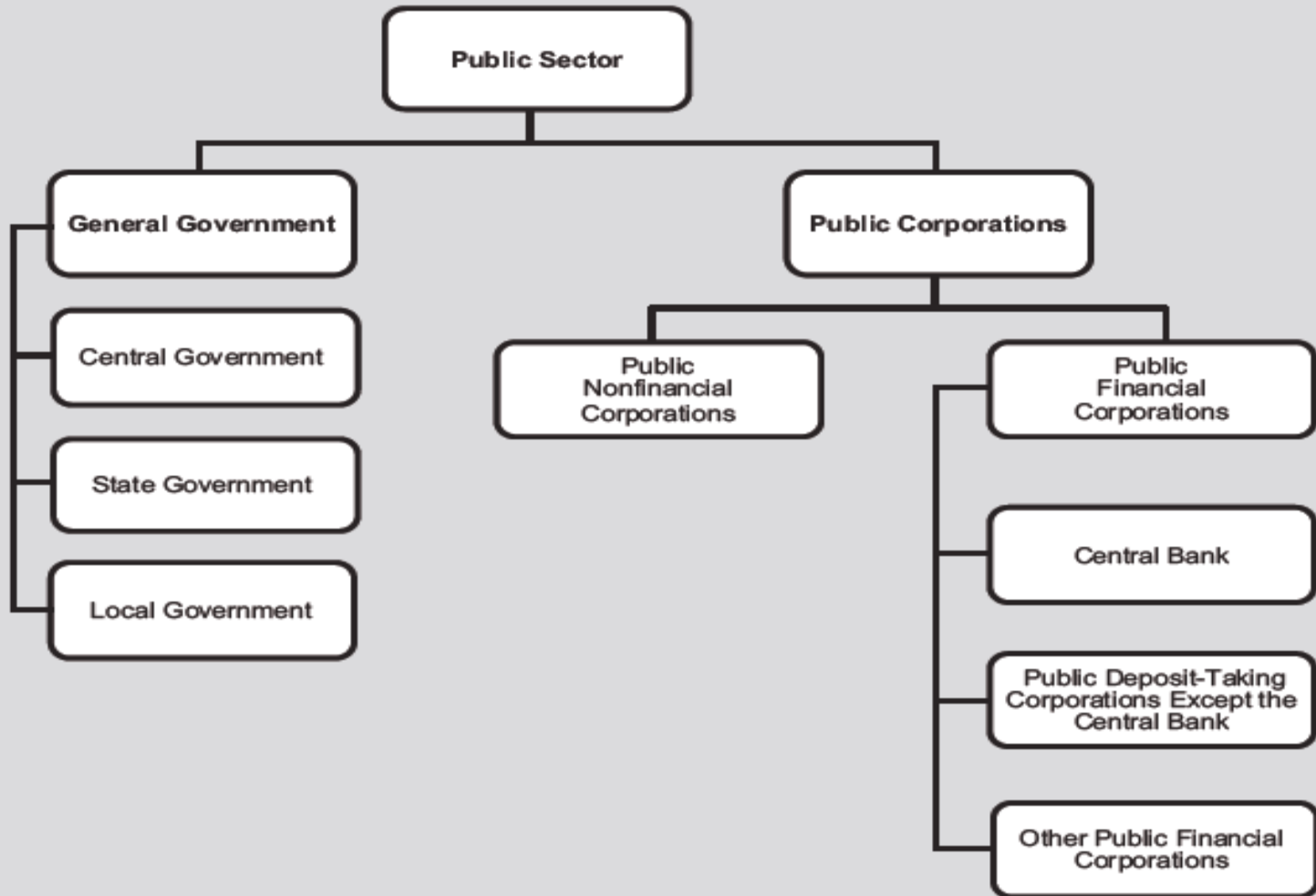
Need for Methodological Notes

- ◆ Data should always be presented with methodological notes (meta data) to explain:
 - **Concepts and methods** used in compiling the data
 - **Deviations** from accepted concepts and methods
- ◆ **Need to indicate institutional coverage**
 - Is it general government alone?
 - Does it include public nonfinancial corporations, public financial corporations?



Presentation of public sector debt statistics

Figure 2.2. The Public Sector and Its Main Components



Presentation of public sector debt statistics

Guide recommends presenting the following:

- ◆ **Summary tables** on public sector debt
 - Gross debt at nominal value
 - Gross and net debt at nominal value
- ◆ **Detailed tables** on gross debt by:
 - Maturity and type of debt instrument
 - Currency of denomination and maturity
 - Type of interest rate and currency
 - Residence and by type of instrument; currency, institutional sector
- ◆ And detailed tables on **debt service payments**

Table 5.1. Summary of Gross Debt
[specify institutional coverage]

	With debt securities at nominal value	With debt securities at market value
Total gross debt		
Gross debt by type of debt instrument Special drawing rights (SDRs) Currency and deposits Debt securities Loans Insurance, pension, and standardized guarantee schemes Other accounts payable		
Gross debt by original maturity Short-term, original maturity Long-term, original maturity Gross debt by remaining maturity Short-term, remaining maturity Long-term, remaining maturity		
Gross debt by currency of denomination Domestic currency denominated Foreign currency denominated		
Gross debt by type of interest rate Fixed-rate instruments Variable-rate instruments		
Gross debt by residence of the creditor Domestic creditors External creditors		
Memorandum items Publicly guaranteed debt Arrears		

Note: Specify where valuation or classification differs from the principles described in Chapters 2 and 3 of this Guide.

Presentation of public sector debt statistics

Guide also recommends presenting:

◆ Memorandum tables on:

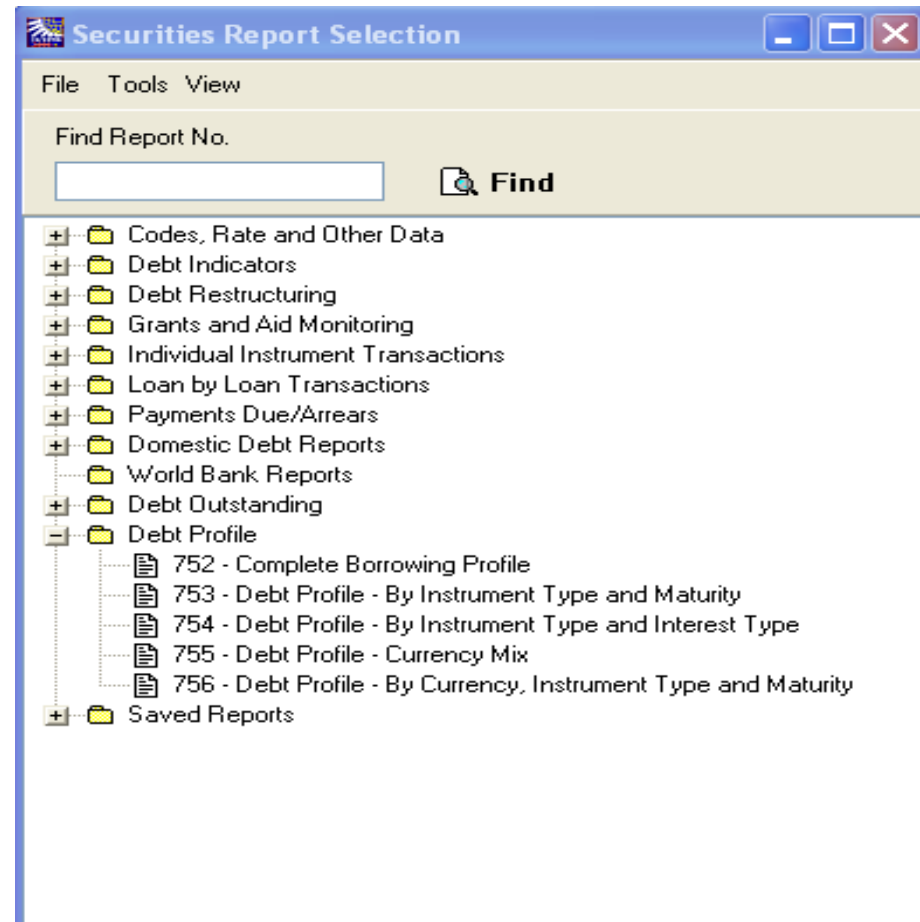
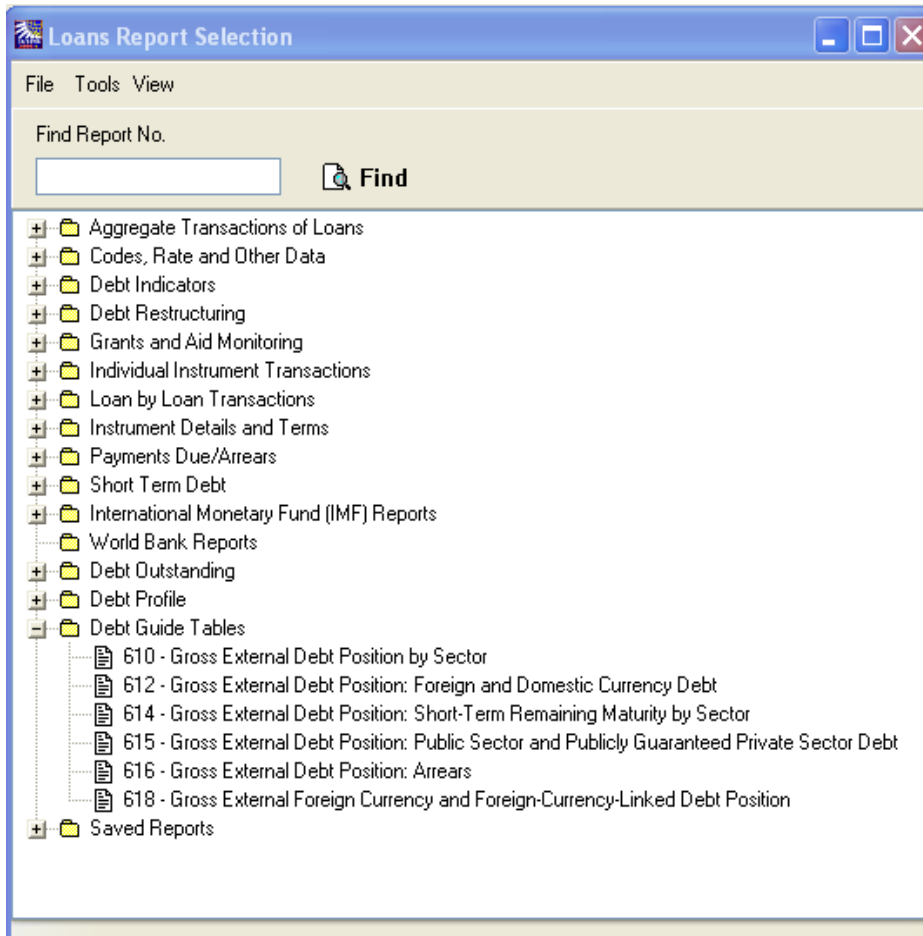
- Publicly guaranteed debt by maturity and type of instrument
- Arrears by type of arrears (PR or INT) or by type of instrument
- Reconciliation of market and nominal value of securities by residence and by institutional sector of creditor
- Financial derivatives position
- Total explicit contingent liabilities and net obligations for future social security benefits
- Average interest rates by original maturity and type of debt instrument

Table 5.8a. Publicly Guaranteed Debt by Maturity and Type of Debt Instrument, at Nominal Value
[specify institutional coverage]

Total publicly guaranteed debt
Total guaranteed public sector debt¹
Short-term, by original maturity
Currency and deposits
Debt securities
Loans
Insurance, pension, and standardized guarantee schemes
Other accounts payable
Long-term, by original maturity
With payment due in one year or less
Special drawing rights (SDRs)
Currency and deposits
Debt securities
Loans
Insurance, pension, and standardized guarantee schemes
Other accounts payable
With payment due in more than one year
Special drawing rights (SDRs)
Currency and deposits
Debt securities
Loans
Insurance, pension, and standardized guarantee schemes
Other accounts payable
Total publicly guaranteed private sector debt
Short-term, by original maturity
Currency and deposits
Debt securities
Loans
Insurance, pension, and standardized guarantee schemes
Other accounts payable
Long-term, by original maturity
With payment due in one year or less
Special drawing rights (SDRs)
Currency and deposits
Debt securities
Loans
Insurance, pension, and standardized guarantee schemes
Other accounts payable
With payment due in more than one year
Special drawing rights (SDRs)
Currency and deposits
Debt securities
Loans
Insurance, pension, and standardized guarantee schemes
Other accounts payable
Total publicly guaranteed debt of nonresidents
[specify details]

Presentation of public sector debt statistics - CSDRMS

- ◆ **CS-DRMS reports** conform to presentations outlined in the Guide
- ◆ External debt module
- ◆ Domestic debt module



The need for comprehensive, accurate and reliable debt statistics

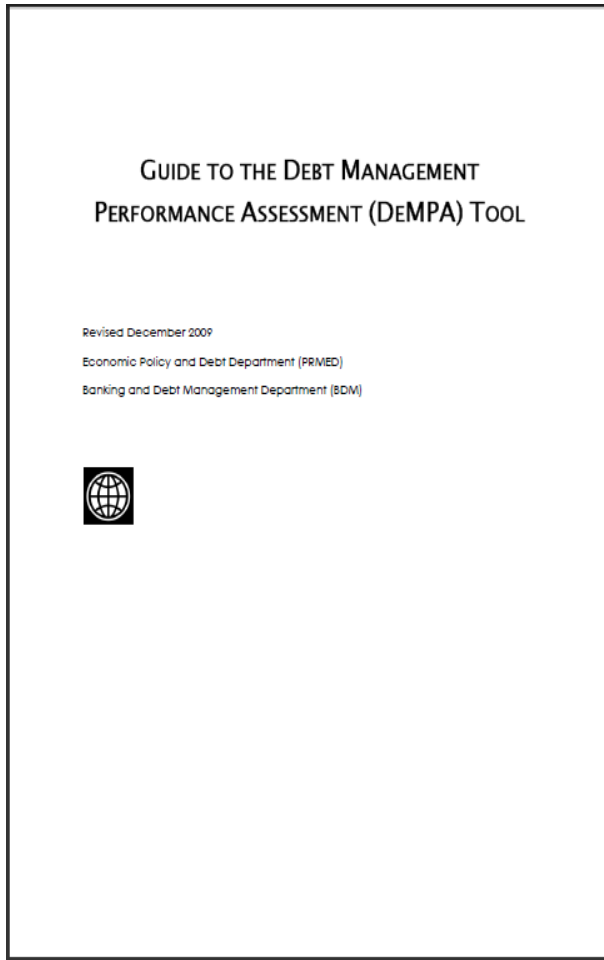
Steps to improve data compilation

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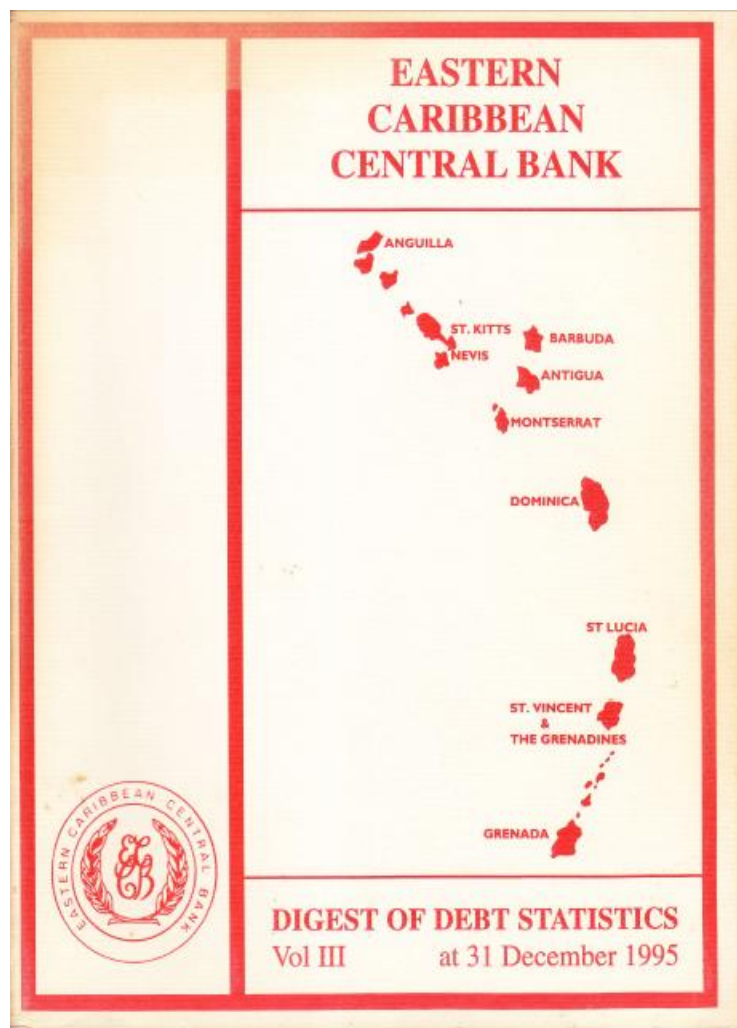
Steps to improve debt reporting

Debt Reporting Guidelines



- ◆ “The government should report both central government and total non-financial public sector debt outstanding and debt related transactions to meet **statutory or contractual reporting obligations or both.**”
 1. Externally, this will include reporting to:
 - International financial institutions
 - Stock exchanges
 - Foreign regulatory authorities where applicable
- ◆ A debt statistical bulletin covering **domestic and external central government debt** and **loan guarantees** should be prepared and published at least **annually**

Need for an Annual Debt Statistics Bulletin



The government should regularly publish information on:

- ◆ **Debt stock and composition** of the debt including:
 - ◆ Currency, maturity, residency classification, and interest structures as well as debt servicing costs
- ◆ **Debt ratios or indicators**
- ◆ **Basic risk measures** of the debt portfolio, including:
 - Share of fixed rate to floating rate debt
 - Share of long-term to short term debt
 - Share of foreign currency debt
 - Average maturity of the debt
 - Maturity profile of the debt

Need for online access to public debt data

The screenshot shows the website of the Debt Management Unit (DMU) of the Ministry of Finance and the Public Service, Government of Jamaica. The page features a navigation menu with links for Home, About DMU, Contact Us, Forums, and Forms. Below this, there are tabs for External Debt, Total Public Debt, Domestic Debt, and New Releases/Offers. The main content area is titled 'External Debt' and includes sections for Debt Indicators (with links for By Calendar Year and By Fiscal Year), International Capital Markets (with links for Rating Reviews, Performance of GOJ Eurobonds, and Performance of GOJ US\$ Eurobonds), Maturity Structure (with link for Maturity Structure), Interest Rate Composition (with link for Interest Rate Composition), and External Debt Stock (with links for By Borrower and By Creditor). A sidebar on the right contains a world map, a Menu section with links for What's New, DMU Docs, FAQs, Glossary, and Ministry of Finance and the Public Service, and a Current Options section.

- ◆ Use of a website to publicly disseminate data strengthens transparency and accountability
 - National websites, CARADEM website

Need to comply with World Bank Debt Reporting System (DRS)

◆ Caribbean countries reporting as at 2010:

1. Belize
2. Dominica
3. Grenada
4. Guyana
5. Haiti
6. Jamaica
7. St. Kitts and Nevis
8. St. Lucia
9. St. Vincent and the Grenadines

◆ Non-reporting debtor countries:

- Antigua and Barbuda, Barbados, Suriname



World Bank Debt Reporting System (DRS)

- ◆ Countries are required to report **quarterly** on:
 - New loan commitments (Form 1)
 - Schedule of drawings, principal and interest payments (Forms 1a)
- ◆ Countries are required to report **annually** on:
 - Actual loan transactions (Form 2)
- ◆ Countries to use:
 - Form 3 – to report mistakes on Forms 1 or 2
 - Form 4 to report on private non-guaranteed debt
- ◆ All Caribbean countries using CS-DRMS have the facility to provide this data electronically to the World Bank



Other international reporting requirements



GDDS and SDDS

- Central government domestic and external debt with relevant breakdowns as well as external debt and debt service
- GDDS countries: Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, St. Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago



IMF/World Bank Quarterly External Debt Statistics (QEDS)

Dissemination of quarterly external debt data with one-quarter lag

Participating countries: Antigua and Barbuda; Bahamas, Belize, Dominica

Other international reporting requirements



Ratings Agencies

Require significant debt information

Poor quality and reliability of data may affect ratings



US Securities and Exchange Commission

Market access countries such as Jamaica, Belize, Trinidad and Tobago may have to register and file documents with comprehensive data to access markets

Conclusion

Good data and good analysis essential to sound debt management practice

Good debt data requires comprehensive compilation, regular data validation and reconciliation

Data dissemination must be widespread and include electronic means

Thank you