



Monitoring External Debt and Debt Vulnerability

Robert Heath

Senior Economist, Statistics Department,
The International Monetary Fund

Punam Chuhan

Senior Economist and Team Leader, Financial Data Team,
Development Economics, The World Bank

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Demand for External Debt Data

- Interest of policy makers: Interim Committee and G-7 statements, the work of the G-22.
- Interest of private sector users of data: Institute of International Finance.
- External debt data given a high priority among users consulted in the Bank of England's study into data needs for financial stability.

International Initiatives (1)

- In late 1998, the IMF Executive Board approved the introduction of a separate category in the IMF's Special Data Dissemination Standard (SDDS) for external debt.
- Data required for three main institutional sectors: government, banks, and other.
- A maturity breakdown to be provided.
- Further consultation requested, followed by precise proposals.

International Initiatives (2)

- The Inter-Agency Task Force on Finance Statistics (TFFS), reconvened to coordinate work on external debt.
- Set itself two main tasks:
 - create a joint table on external debt using available information
 - produce a revised and updated External Debt Statistics Guide (Grey Book).

Joint Table on External Debt Statistics

- The “Joint BIS-IMF-OECD-World Bank Statistics on External Debt” were first released in March 1999.
- Only available on the Internet, at <http://www.oecd.org/dac/debt/>
- Data are presented for over 170 countries.
- BIS, Fund, OECD, and World Bank provide data. The international banking statistics from the BIS are the core series.

External Debt Statistics: Guide for Compilers and Users

- The TFFS has just begun to revise and update the 1988 “Grey Book”. Why:
 - the introduction in 1993 of new international standards for the measurement of national accounts and balance of payments data;
 - the huge growth in private sector financial flows in recent years that has changed the emphasis of external debt analysis;
 - and, associated with these capital flows, the increasing use of instruments such as financial derivatives to manage and redistribute risks.

External Debt Statistics: Guide for Compilers and Users (2)

- The TTFS has agreed that the International Investment Position (IIP) and its concepts will be the centerpiece of the Guide.
- The IIP is the framework set out in the new international standards for the balance of payments (BPM5), and is essentially the external balance sheet of an economy.
- The liabilities of the IIP excluding equities is one measure of external debt.

External Debt Statistics: Guide for Compilers and Users (3)

- However, there is user interest in other measures of external debt. These include:
 - A distinction between foreign currency and domestic currency debt. This was explicitly mentioned in the G-7 statement.
 - The calculation of debt on both an original and remaining maturity basis.
 - The compilation of external debt on a nominal value basis as well as the market value basis prescribed in the IIP.

External Debt Statistics: Guide for Compilers and Users (4)

- The development of data on an ultimate risk basis, bringing in the concept of contingent liabilities.
- Other issues of interest to users of data include:
 - The promotion of a debt service schedule.
 - The treatment of financial derivative positions.

External Debt Statistics: Guide for Compilers and Users (5)

- The Guide will address the above issues.
- What is the timescale?
- The intention is that the core elements of the Guide, relating to the IIP, be completed by early 2000 to be tested in a series of workshops and seminars starting in the first quarter of 2000.