

12th UNCTAD Debt Management Conference

Making debt work for development

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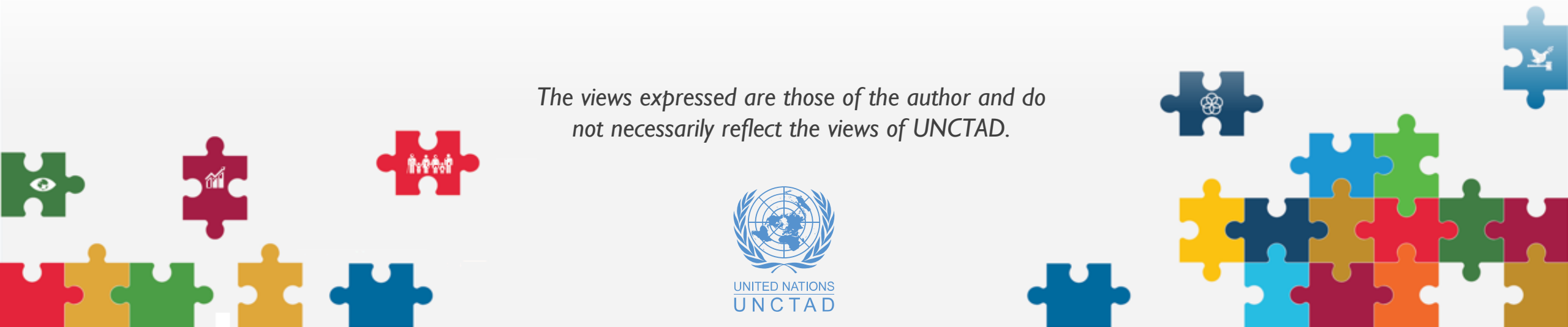
Debt transparency to the rescue? Possibilities and Limitations

by

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.



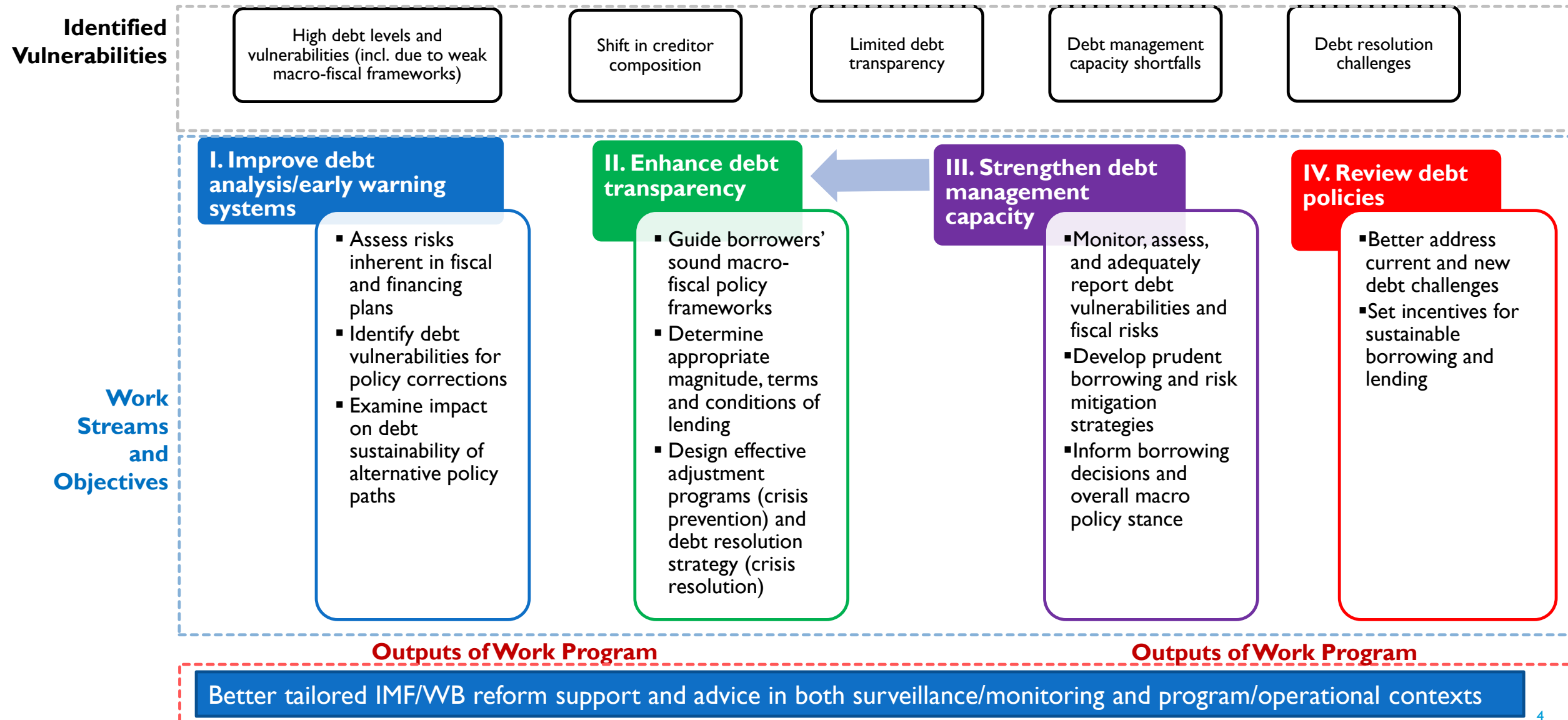
THE JOINT IMF-WB MULTIPRONGED APPROACH FOR ADDRESSING EMERGING DEBT VULNERABILITIES

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Presentation for the 12th UNCTAD Debt Management Conference
November 18, 2019

- In April and October 2018, the communiqués of the Thirty-Seventh and Thirty-Eight Meetings of the IMFC and of the Development Committee called for a multi-pronged work program to reduce public debt vulnerabilities and enhance debt transparency.
- In November/December 2018, *a Joint IMF-WB Multipronged Approach for Addressing Emerging Debt Vulnerabilities (MPA)* was presented by the IMF and World Bank staffs to their respective Executive Boards.
- The MPA, which covers IFIs' work, is part of a wider set of initiatives:
 - For borrowers: enhanced technical assistance (e.g. DMFIII)
 - For official lenders: the G-20 Operational Guidelines (+ self-assessment exercise)
 - For private lenders: the IIF's Voluntary Principles

KEY PILLARS OF THE IMF-WORLD BANK MULTIPRONGED APPROACH



PILLAR II: ENHANCING DEBT TRANSPARENCY

Improving the **quality and coverage of debt statistics**

IMF

- Continue to assist countries to graduate to **SDDS** and **SDDS+**. Extend SDDS+ in future to capture data by creditor.
 - Supported by TA under the D4D trust fund
- IMF review of Data Provision for the purpose of Fund Surveillance: considering expansion of **AVIII section 5 reporting requirements** to a subset of State enterprises

World Bank

Debtor Reporting System (DRS):

- External PPG Debt: enhanced monitoring of data quality and stronger outreach on reporting obligations
- External Public Non-Guaranteed Debt: outreach to official creditors that lend without guarantee; maximize use of data available on national websites and from market sources
- Domestic debt: expansion of DRS scope to include domestic debt (on a pilot basis)

Enhanced **IFI outreach** to lenders and borrowers to support transparency

- **Support to the G-20's Operational Guidelines self assessment initiative.** Creditor self-diagnostic tool to be available this week on IMF and WB websites. Includes creditor transparency provisions
- **In the pipeline**: a facility for voluntary publication of full country DSAs (stripped of confidential information).

PILLAR III: STRENGTHEN DEBT MANAGEMENT CAPACITY

- Third Phase of the Debt Management Facility was launched in April 2019.
- **Enhanced focus on debt transparency in TA:**
 - Angola: support on MTDS and institutional setup leads to first publication of a debt management strategy.
 - ECCU: support on investor relations and transparency.
 - Ethiopia: Expanded debt coverage and analysis in debt reports.
 - Cape Verde: Debt management reform and SOE monitoring.
 - Egypt and Georgia (publication of expanded DMS); Jordan (publication of DMS and policies on guarantees).

DMF-III: New Areas of Emphasis for Debt Management

Supporting debt transparency: Bilateral training on debt sustainability analysis, and new line of implementation support focused on enhanced debt reporting and monitoring.

Monitoring and managing fiscal risks: Identification of off budget and other unreported direct liabilities, government guarantees, public-private partnerships and fiscal risks from public corporations.

MTDS implementation: Increased support for preparation of annual borrowing plan, asset-liability management, and debt-cash management integration TA.

Improving governance and institutional arrangements: Increased focus on the legal and governance arrangements, mandate, structure and operational arrangements of debt management institutions.

PILLAR I: IMPROVING DEBT ANALYSIS (AND TRANSPARENCY PROVISIONS)

IMF and World Bank Implementation of the **LIC DSF**

Improving transparency

- As of November 2019, 55 new LIC DSFs:
 - In all cases, enhanced disclosure requirements (coverage, exclusions, contingent liabilities)
 - In 11 cases debt coverage has been broadened (e.g. Senegal, Mozambique, and Cameroon).

Training

- An interactive guide on the application of the DSF became available in April 2019 (www.IMF.org/dsalic; <http://www.worldbank.org/en/topic/debt-sustainability>)

IMF review of the **DSA for Market Access Countries**

• **Improving transparency:**

- Enhanced disclosure requirements: same as LIC DSF
- Same expectation of broader coverage as in LIC DSF
- Using sharper mechanical outputs—to enhance transparency around the exercise of judgment.
- Proposals finalized by mid-2020: implemented early 2021
- Training will also be available

PILLAR IV: STRONGER DEBT POLICIES (AND TRANSPARENCY PROVISIONS)

Review of the IMF Debt Limits Policy (DLP)

- DLP is IMF's framework for debt-related conditionality (e.g. quantitative limits on non-concessional borrowing)
- Update: to reflect lessons of the last 5 years, and to better align it with the changing borrowing landscape.
- There will be provisions on debt **transparency**:
 - Expectations on debt data provision (supported by program structural conditions, e.g. prior actions)
 - Will help better orient/focus debt conditions (should complement fiscal conditions)

IDA's new Sustainable Development Financing Policy (SDFP)

- Alignment with the IMF DLP has been a key feature of the NCBP and will be preserved under the successor SDFP.
- Potential **synergies with DLP on debt transparency**:
 - DLP review focuses on sharpening Fund efforts to extract debt information;
 - SDFP would focus on incentivizing structural measures to support stronger debt transparency (debt management)

Thank you!