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## Overview

### Purpose of the *Guide*

**1.1** The purpose of the *External Debt Statistics: Guide for Compilers and Users (Guide)* is to provide comprehensive guidance for the measurement and presentation of external debt statistics. The *Guide* also provides advice on the compilation of these statistics and on their analytical use. The intention is to contribute to both an improvement in, and a greater understanding of, external debt statistics. In doing so, the *Guide* is responding to the concerns of markets and policymakers for better external debt statistics to help assess external vulnerabilities at a time when increasing international capital flows are resulting in greater market interdependence. It is also responding to the users' interest in improving the availability and international comparability of external debt statistics.

### Conceptual Approach in the *Guide*

**1.2** The *Guide* provides a conceptual framework for compiling external debt statistics. The framework is derived from the *System of National Accounts 2008 (2008 SNA)* and the IMF's sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)*.<sup>1</sup> This approach facilitates consistency and comparability among external debt statistics and other macroeconomic statistics, such as balance of payments, the international investment position

(IIP), and national accounts.<sup>2</sup> Under this conceptual framework, external debt includes all liabilities as defined in the *2008 SNA* (excluding equity liabilities and investment fund shares, and financial derivatives and employee stock options [ESOs]) that are owed to nonresidents, and the total amount of such liabilities is presented as the gross external debt position.<sup>3</sup>

**1.3** Tables are provided for the presentation of the gross external debt position and related data, both for the whole economy and by sector of debtor. Using the concepts provided in Chapters 2 and 3, data compiled and presented in the format of the table in Chapter 4 provide a comprehensive and informed picture of the gross external debt position for the whole economy. Subsequently, in Chapter 5, the gross external debt position is presented in a table that highlights the role of the public sector, a table particularly relevant for economies where the public sector is centrally involved in external debt borrowing activity, as a borrower and/or guarantor.<sup>4</sup>

**1.4** Further, the *Guide* provides additional accounting principles to assist in compiling data series of analytical use in understanding the gross external debt position. The priority that individual economies give to compiling each of these data series will vary depending on circumstances. But such data series as the debt-service schedule (i.e., a schedule that provides

<sup>1</sup>The *2008 SNA* is a statistical framework that provides a comprehensive, consistent, and flexible set of macroeconomic accounts for policymakers, analysis, and research purposes. It has been produced under the auspices of the United Nations, the European Commission, IMF, OECD, and the World Bank. The *BPM6* was published by the IMF in 2009 and provides the standard framework for statistics on the transactions and positions between an economy and the rest of the world. The *2008 SNA* and *BPM6* were updated in parallel.

<sup>2</sup>The *Guide* is also consistent with the *Handbook on Securities Statistics Part 1: Debt Securities Issues* (2009), the *Handbook on Securities Statistics Part 2: Debt Securities Holdings* (2010), and the *Public Sector Debt Statistics: Guide for Compilers and Users* (2011).

<sup>3</sup>The 2003 version of the *Guide* was derived from the *1993 SNA* and *BPM5*. Thus, compilation systems developed to produce data based on the 2003 *Guide* can be statistical building blocks for the measurement and compilation of the gross external debt position outlined ahead.

<sup>4</sup>Further guidance for public sector debt statistics is provided in the *Public Sector Debt Statistics: Guide for Compilers and Users* (2011).

information on the expected amounts and timing of future payments), the foreign currency composition of external debt (i.e., an indication of the exposure of the economy to movements in the exchange rate), and the short-term remaining maturity (i.e., part of the gross external debt position that is expected to fall due in the coming year) can reveal essential information on potential external vulnerabilities facing an economy. Similarly, the *Guide* advises on the measurement and presentation of the net external debt position—gross external debt less external assets in the form of debt instruments. For economies whose private sector is active in international financial markets, this concept, and indeed, that of the net asset position of the IIP,<sup>5</sup> is particularly relevant in assessing sustainability of the external position.

## Structure of the *Guide*

1.5 The *Guide* is presented in three parts and includes nine appendices:

- I. Conceptual Framework—Chapters 2–9
- II. Compilation: Principles and Practice—Chapters 10–13
- III. Use of External Debt Statistics—Chapters 14 and 15

1.6 To facilitate the updating of relevant information, the external debt activities of the Inter-Agency Task Force on Finance Statistics (TFFS) member agencies<sup>6</sup> are presented at the TFFS Website ([www.tffs.org](http://www.tffs.org)) rather than in the *Guide*, as was the case in the 2003 version. These activities are presented in four sections: (1) data management systems, (2) data availability, (3) data quality, and (4) capacity building.

<sup>5</sup> The IIP of an economy is the balance sheet of the stock of external financial assets and liabilities, with the difference being the net asset (or liability) position. The IIP is described in Appendix 3 and its standard components are set out in Chapter 3. Linkages between external debt statistics, IIP, and the national accounts are presented in Appendix 4.

<sup>6</sup> The Bank for International Settlements (BIS); Commonwealth Secretariat (ComSec); European Central Bank (ECB); Eurostat; International Monetary Fund (IMF); Organization for Economic Cooperation and Development (OECD); Paris Club Secretariat; United Nations Conference on Trade and Development (UNCTAD); and the World Bank.

## Conceptual Framework

1.7 The structure of Part I is as follows:

- Chapter 2 provides a definition for gross external debt and explains in detail the accounting principles required for the measurement of the gross external debt position; Chapter 3 discusses the identification of institutional sectors and financial instruments.
- Chapter 4 sets out a table for the presentation of the gross external debt position; highest priority is given to institutional sectors, followed by maturity, and then type of debt instrument; Chapter 5 provides a table for the presentation of data on public and publicly guaranteed external debt.
- Chapter 6 provides further accounting principles for compiling additional data series of analytical use in understanding the gross external debt position; Chapter 7 provides further presentation tables (e.g., debt-service payment schedule and foreign currency debt tables).
- Chapter 8 discusses the dissemination of appropriate information on the impact of debt reorganization on external debt; Chapter 9 considers contingent liabilities and provides a table for the presentation of external debt on an ultimate-risk basis.

## Compilation: Principles and Practice

1.8 Chapter 10 provides an overview of compilation methods, and Chapters 11, 12, and 13 cover compilation methods for public sector external debt data; deposit-taking corporations and other sectors data; and data on debt securities, respectively.

## Use of External Debt Statistics

1.9 Chapters 14 and 15 cover the analytical use of external debt data. These chapters are included to help compilers place their work in context and to assist users in interpreting the range of information that can be available. Chapter 14 briefly describes debt-sustainability analysis and explains some of the most commonly used debt ratios. Chapter 15 highlights the need to analyze external debt data in a broad context.

## Appendices

**1.10** Appendix 1 provides detailed definitions and classifications of debt instruments and specific transactions. Appendix 2 discusses reverse security transactions and how they should be recorded in the gross external debt position. Appendix 3 provides a glossary of external debt terms. Appendix 4 describes the relationship between the external debt, the IIP, and the national accounts. Appendix 5 explains the

Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI). Appendix 6 presents the Data Quality Assessment Framework (DQAF) for external debt statistics. Appendix 7 explains the treatment of arrears in the gross external debt. Appendix 8 discusses the compilation of private sector external debt. Finally, Appendix 9 identifies the main changes in the *Guide* emerging from the adoption of *BPM6*.