TFFS

TASK FORCE ON FINANCE STATISTICS

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1. Official credits

Data on official bilateral lending from 2006 to 2010 (revisions) and 2011 (new data), were provided to the JEDH in SDMX format in July 2013. The OECD plans to submit data on 2012 bilateral loans in June 2014.

For further information, please contact Ms. Yasmin Ahmad (yasmin.ahmad@oecd.org).

2. Modernising the DAC's Development Finance Statistics

In December 2012, the High Level Meeting of the OECD's Development Assistance Committee (DAC) acknowledged the need to modernise its development finance framework to better reflect the new global development landscape. It agreed on the following steps:

- Elaborate a proposal for a new measure of total official support for development;
- Explore ways of representing both "donor effort" and "recipient benefit" of development finance;
- Investigate whether any resulting new measures of external development finance (including any new approaches to measurement of donor effort) suggest the need to modernise the ODA concept.

In addition, a clear, quantitative definition of "concessional in character", in line with prevailing financial market conditions needed to be established.

The main objective of modernising the development financing framework is to adapt systems and concepts to the contemporary realities of development finance by capturing new instruments, valuing budgetary efforts fairly and ensuring that incentives promote the efficient use of development resources.

The DAC High Level Meeting requested that the OECD undertake this work in close collaboration with other interested international agencies, in particular the United Nations, but also the IMF and World Bank. The objective of this exercise is to establish a new comprehensive framework for reporting on development finance post-2015, to be endorsed by the DAC High Level Meeting in late 2014. In addition, this will help understand the relationship between different flows and types of finance, with a view to maximising their impact.

Until now, the DAC work has included consideration of what might comprise a new measure of total official support for development (TOSD) and options for modernising, ODA (including the redefinition of concessionality and possible revision to the DAC List of ODA Recipients).

A new measure for total official support for development

The new measure of TOSD mandated by the DAC High Level meeting should clearly distinguish between official and private flows mobilised by official action. Official flows within TOSD need to include non-ODA items to finance peace, security, climate and other global challenges. Methodologies to assess the share of private development flows mobilised by official action needs to be investigated.

Modernising the ODA measure

The specificity of the ODA definition[1] and the focus on the 0.7% ODA/GNI target provides a clear comparison of donor effort, and distinguishes spending on development and welfare from other expenditures such as commercial ones. However, the ODA concept is considered today by some as being too broad (by capturing contested ODA items such as refugee costs in donor countries, imputed student costs and debt forgiveness) or too narrow (as it does not provide incentives for guarantees or equity investments, through limited coverage of global public goods, etc.).

The suggestion to revise ODA to measure budgetary effort and count only the grant equivalent of loans (instead of the full face value as with the current practice), would provide for a more accurate assessment and comparison of donor effort. Over the long term it would also provide a better indicator of budgetary effort for development cooperation because the repayment of past loans would not lead to negative amounts of ODA. In the current system, counting loan disbursements minus repayments on loan principal leads to fluctuating levels of ODA, a lack of correlation between the government's decision regarding budgetary effort and ODA volume generated the year the decision was taken, and large outflows and inflows, especially in years of major debt forgiveness.

A new definition of concessionality

In DAC statistics, a transactions is reportable as ODA if it is "concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent)". At present, there are multiple views on the interpretation of concessional in character and the DAC needs to establish by 2015, a clear and quantitative definition definition of "concessional in character" in line with prevailing market conditions.

[1] Official development assistance(ODA) is defined as those flows to countries and territories on the DAC List of ODA Recipients (available at www.oecd.org/dac/stats/daclist) and to multilateral development institutions which are:

i. provided by official agencies, including state and local governments, or by their executive agencies; and

ii. each transaction of which:

a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and

b) is concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent).

To date, discussions in the DAC have outlined two alternatives:

i) To move towards a harmonised multilateral definition of concessionality, based on recent work by the IMF and World Bank, using a fixed discount rate closer to present financial market conditions, rather than the present 10%.

ii) To move towards a differentiated, risk adjusted, discount rate, reflecting the actual cost of borrowing and risk of lending.

A better focus for concessional flows

The present list of ODA recipients includes some of the largest and fastest growing economies. At the same time, the share of ODA to the Least Developed Countries is falling. There are several options to review to DAC List of ODA Recipients for a better focus of ODA flows. One option would be to accelerate the graduation process; another option would be to lower the income threshold to USD 7115 (i.e. the income level at which countries start the graduation process from non-concessional IBRD lending; finally a third option would be to keep the List of ODA eligible countries as is, but incite donors to voluntarily target a specific share if their ODA to a specific group of countries (e.g. "countries is special situations" as defined by the UN General Assembly).

For further information, please contact Ms. Yasmin Ahmad (yasmin.ahmad@oecd.org).

3. Non-ODA Flows

Since the beginning of 2011, the OECD Development Cooperation Directorate (DCD) has been implementing a specific workstream on non-ODA flows in order to improve the coverage and policy relevance of its statistical collection on broad development financing.

The first phase of this workstream consisted in reviewing the current statistical series on other official and private flows reported by DAC members and reflecting on how to further valorise members' financing to developing countries beyond ODA (including guarantees). More specifically, the OECD has undertaken a complete review of its statistics on export credits, foreign direct investment, and development finance institutions' activities and has developed concrete proposals for improving DAC statistics in these areas and, to the extent possible, streamlining the data series and definitions with other OECD bodies already collecting the same information. To date, preliminary tests are ongoing to assess the feasibility to derive DAC statistics on export credits and international direct investments from the Export Credit Group and Working Group on International Investment Statistics databases respectively. In addition, the Secretariat undertook in 2013 a special survey on guarantee schemes for development to i) assess the scale of these instruments in the development finance's landscape and ii) estimate the volume of private sector flows mobilised through these mechanisms.

In 2014, the workstream entered a new phase. Based on the findings of the different reviews described above, the OECD will work on concrete proposals to better reflect the evolving development finance landscape in the DAC statistical system (e.g. through improved classifications by financial instrument and modality), including the use of non-ODA finance when developing countries' context permits. Following the same approach as for guarantee schemes, it will also investigate different methodologies to measure the catalytic effect of public resources on private investment. Finally, in close collaboration with the World Bank, the OECD will explore technical options to facilitate the inclusion of remittance data in the big picture of total recipients' resource receipts.

The activities undertaken in this workstream contribute to the ongoing reflection and work on measurement and monitoring external development finance post 2015 that the DAC is currently undertaking under mandate from the December 2012 DAC High Level Meeting (see above).

4. Quarterly Public Sector Debt Statistics

Thirty-three out of thirty-four OECD countries plus Russia agreed to participate in the collaborative initiative and regularly provide the OECD/WB/IMF with detailed data on Public Sector Debt (PSD). Korea discontinued reporting PSD data in April 2013. However, they recently promised to start providing us with the data again by April 2014. Since January 2013, Eurostat also contributes to recommendation 18, by (1) pre-filling the PSD questionnaire with Maastricht debt data (a limited set of the data requested in the framework of PSD) for European member states who decided to use the relevant Eurostat service, and by (2) asking them to complete the pre-filled PSD questionnaire with additional information when available. Eight EU OECD countries use the Eurostat service: Denmark, Estonia, Finland, Germany, Hungary, Italy, Luxembourg and Norway.

Twenty-seven OECD countries report PSD data for the general government sector, but only four OECD countries can provide data on the total public sector. Concerning the instrument coverage, since 2013, progress is limited, especially on the residual maturity breakdown. In 2014, particular attention will be devoted to improving the instrument coverage across OECD countries.

Data in national currency, up to the third quarter of 2013, are available on the OECD data warehouse "OECD.Stat" (http://stats.oecd.org/Index.aspx?DataSetCode=QASA_TABLE7PSD) and on the World Bank website (http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=quarterly-public-sector-debt).
In the coming weeks, Public Sector Debt data will be published in US dollars and as a percentage of GDP as well.

For further information, please contact Ms. Isabelle Ynesta (Isabelle.ynesta@oecd.org).

5. Government Finance Indicators

At the last OECD Working Party on Financial Statistics, held in Paris, in September 2013, the OECD presented a paper entitled "Government Finance Indicators: Truth and Myth". (http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=COM/STD/DAF(2013)16&doclanguage=en). The paper first discusses the pros and cons of emphasising the two headline indicators, deficit and debt as a percentage of GDP for the analysis of government finance. Indeed, in all countries, these indicators have been scrutinised in most OECD countries to assess the health of government finance for many years, in particular during the recent economic and financial crisis. Second, it proposes to consider two alternative indicators, which combined with additional information, may provide a more complete picture of the status of government finance. One of the two alternative indicators is the net debt. The paper closes with some conclusions and a possible way forward.

For further information, please contact Ms. Isabelle Ynesta (Isabelle.ynesta@oecd.org).

6. Quarterly Financial Sector Accounts

In the framework of the recommendation 15 – Sector Accounts - of the G-20 Data Gaps Initiative (DGI), the OECD Statistics Directorate (STD) has developed a database on *Quarterly Financial Accounts and Financial Balance Sheets* by institutional sector (households, government, financial corporations, non-financial corporations and the rest of the world) for all OECD countries, which follows the System of National Accounts – SNA. These data, up to the third quarter of 2013, are available on the OECD data warehouse "OECD.Stat" (http://stats.oecd.org/Index.aspx) as well as on the joint Principal Global Indicators website, hosted by the IMF (www.principalglobalindicators.org).

For further information, please contact Ms. Isabelle Ynesta (Isabelle.ynesta@oecd.org).

7. OECD/ABS Workshop on Pensions

In April 2013, the OECD and the Australian Bureau of Statistics (ABS) jointly organised a workshop on pensions in Canberra. The aims of the workshop were to arrive at a better understanding of conceptual, interpretation and measurement issues related to pensions in light of the SNA 2008, including the measurement of entitlements that are not recognised as such in the core system of national accounts, and to formulate recommendations and ideas for future work on the basis of the discussions. ABS presented the outcomes of the workshop at the meeting of the Working Party on Financial Statistics in September 2013.

For more details on the conclusions and recommendations of the OECD/ABS Workshop on pensions, please click on the following link and go to pages 3 and 4.

http://olisweb.oecd.org/vgn-ext-templating/COM-STD-DAF-M(2013)2-FINAL-ENG.pdf?docId=JT03352098&date=1391707783217&documentId=616623&organisationId=1&fileName=JT03352098.pdf

For further information, please contact Peter van de Ven or Jennifer Ribarsky
E-mail: Peter.VANDEVEN@oecd.org -- Jennifer.RIBARSKY@oecd.org

8. National Accounts at a Glance publication

The OECD publication "National Accounts at a Glance" (NAAG), created in 2009, presents information using an "indicator" approach, focusing on cross-country comparisons. The range of indicators which is quite large reflects the richness of the national accounts dataset. The focus goes well beyond GDP figures. Other important economic indicators, which may better respond to users' needs and better measure economic performance and social progress of OECD economies, are well represented.

In the 2014 edition, ten financial indicators of the *OECD Financial Dashboard* will be presented in various chapters of the publication, focusing mainly on gross debt and net financial wealth of financial and non-financial corporations, general government and households sectors.

For further information, please contact Ms. Jennifer Ribarsky (Jennifer.RIBARSKY@oecd.org).

9. OECD Factbook

Three financial indicators selected in the *OECD Financial Dashboard* will be presented in the 2014 edition of the OECD Factbook, the most comprehensive statistical publication of the OECD and an essential tool to highlight key patterns of economic developments in all OECD countries:

° *General government debt, as a percentage of Gross Domestic Product (GDP)*
° *Households and NPISHs debt, as a percentage of Net Disposable Income (NDI)*
° *Composition of Households and NPISHs financial assets portfolio*
Concerning the general government debt-to-GDP ratio, for few OECD countries, such as Australia, Canada, Iceland, Sweden and the United States, which do record in the core accounts some unfunded liabilities of government employee pension plans in the general government debt data, an adjusted debt-to-GDP ratio has been calculated by excluding from the gross debt, these unfunded pension liabilities, allowing for a better comparability across OECD countries. Indeed, the status and treatment of government liabilities in respect of their employee pension plans in the national accounts is diverse across countries, making international comparability of government debts difficult.

For further information, please contact Ms. Isabelle Ynesta (Isabelle.ynesta@oecd.org).

10. Data sharing between the European Central Bank (ECB) and the OECD in the area of Financial Accounts

Since January 2011, the ECB has shared with the OECD, quarterly non-consolidated financial accounts data, both for euro area aggregates and for EU countries both for stocks and for transactions.
In 2014, in view of the implementation of the new ECB Guideline on quarterly financial accounts and the new SDMX/ML data transmission standards, the ECB and the OECD are reviewing the current data exchange arrangements on quarterly financial accounts and financial balance sheets, and intend to set-up a protocol which formalises the agreements. While the data exchange will cover a wider range of statistics, an important part is the data produced under the responsibility of the Working Group of Euro Area Accounts and its transmission to and onward dissemination by the OECD. In addition, the new data sharing arrangement may extend to data received and disseminated by the OECD for non-EU countries, which could be transmitted to the ECB, and may be shared in the European System of Central Banks.

For further information, please contact Ms. Isabelle Ynesta (Isabelle.ynesta@oecd.org).

11. Task Force on International Data Cooperation

The Inter-Agency Group on Economic and Financial Statistics (IAG) has emphasized the need to improve cooperation among international and supranational agencies in terms of collecting, validating, and disseminating public official statistics from national and international/supranational sources. In this regard, the IAG has established a Task Force on International Data Cooperation (TFIDC) to examine the elements and undertake pilot exercises on a framework that would allow member countries of the agencies represented on the IAG to submit data only once, and for these data to be shared among the member agencies. All the seven international agencies are participating in this Task Force (International Monetary Fund, Bank for International Settlements, European Central Bank, Eurostat, OECD, United Nations and the World Bank).

The overall objective of the TFIDC is to determine the procedures that could be applied for a successful data cooperation arrangement across international agencies that would streamline and improve the efficiency of data collection, sharing, and dissemination. To meet this objective, the TFIDC oversees two pilot exercises for (i) GDP main aggregates and population, and (ii) sector accounts.
The first pilot exercise has started in September 2013 and will run for about two years. It covers a set of main national accounts aggregates and auxiliary indicators that are widely used and are available for a large number of countries. The second pilot exercise will start end of 2014 and it will be based on the templates on sector accounts that have been developed by the Working Group on Sector Accounts and endorsed by the IAG.

The cooperation with regard to the agreed datasets should demonstrate that the exchange of data among international agencies is technically feasible for both sending and receiving agencies. This should result in the availability of consistent data across international agencies and efficiency gains for all parties.

12. Other work undertaken by the OECD Statistics Directorate in the context of the G20 DGI

In the context of the recommendation 15 of the G-20 Data Gaps Initiative (DGI), the OECD Statistics Directorate (STD) has developed a database on **Quarterly Non-Financial Accounts** by institutional sector for all OECD countries and Key Partner countries, which follows the System of National Accounts – SNA.
These data, up to the third quarter of 2013, are available on the OECD data warehouse "OECD.Stat" at the following address, http://stats.oecd.org/Index.aspx?DataSetCode=QASA_TABLE801, as well as on the joint Principal Global Indicators website, hosted by the IMF (www.principalglobalindicators.org).

For further information, please contact Ms. Rachida Dkhissi (Rachida.dkhissi@oecd.org).

In addition to calculating and publishing the G20 aggregate for economic growth, the OECD Statistics Directorate has compiled and disseminated the G20-CPI. The OECD keeps on releasing the aggregate on a monthly basis, at around 35 days after the end of the reference period, following the release of national CPI and HICP data by all OECD and G20 countries. Consumer price indices (CPIs) measures inflation as price changes of a representative basket of goods and services typically purchased by households. The G20 CPI aggregate reflects national CPIs for all G20 countries that are not part of the European Union (EU) while it reflects the Harmonised Indices of Consumer Prices (HICP) for the EU, its Member States and for Turkey.

For further information, please contact Ms. Anne-Sophie Fraisse (Anne-Sophie.FRAISSE@oecd.org).

In line with recommendation 16 of the G20 Data Gaps Initiative, two informal Expert Groups were created in 2010 as part of the OECD Committee on Statistics' (CSTAT) programme of work for the period 2011-2012: (i) the OECD Expert Group on Micro Statistics on Income, Consumption and Wealth (EG ICW), whose primary objectives were to provide international guidelines for measuring the distribution of household wealth and to suggest a framework for the integrated analysis of micro data on household income, consumption and wealth; and (ii) the OECD/Eurostat Expert Group on Disparities in National Accounts (EG DNA), whose primary objective was that of using existing micro data to incorporate distributional information within the SNA household accounts.

The main outputs of the EG ICW consisted of two reports, one on an integrated framework on the distribution of household income, consumption and wealth, and another one on guidelines for micro statistics on household wealth.

The EG DNA carried out a feasibility study to assess whether it is possible to devise an internationally comparable methodology to break down national accounts aggregates for the household sector using distributional information available from micro sources. By conducting an in-depth study at national level of the main differences between micro and macro statistics, as well as trying to bridge the gaps between the various statistical sources, the EG DNA has shown that identifying and quantifying the differences in household economic resources is challenging. Nonetheless, the exercise has proved useful to improve our understanding of the quality and consistency of macro and micro data sets, and opened up possibilities for improving both micro and macro statistics by relying more strongly on the other source(s). In spite of the difficulties, a large majority of the countries in the EG DNA succeeded in producing experimental income and consumption statistics for various household subgroups that are consistent with SNA definitions and aggregates. The final results of the EG DNA work were published in October 2013 in the OECD Statistics Working Paper series.

In the last quarter of 2013, an informal OECD expert group has been created (with a mandate till the end of 2015) to take forward the EG DNA activities with the aims to: (i) provide national-accounts compatible distributional estimates for a more recent benchmark year based on a streamlined methodology, with a focus on improving the consistency of the results on income and consumption; and (ii) consider the possible development of a methodology for compiling more timely distributional estimates of levels and changes in income, consumption and savings consistent with the SNA framework.

For further information, please contact Peter van de Ven or Jennifer Ribarsky.
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In the context of the recommendation 19 – Real Estate prices – of the G-20 Data Gaps Initiative (DGI), the OECD Statistics Directorate is planning to develop and give more visibility to house price statistics for the 34 OECD countries and OECD accession and key partner countries. The collection of data on house price statistics for the OECD countries will start during the fourth quarter of 2014 according to the roadmap that will be proposed to the OECD Workshop on House Price Statistics to be held on March 24-25, 2014.

This project is part of the CSTAT Programme of Work for 2013-2014 that includes an output result related to the development of house price statistics for OECD countries. In this context, the OECD's objective is to create an internationally comparable database focusing on House Price Indices (HPIs) - also called Residential Property Prices Indices (RPPIs) - and other associated indicators that provide a picture as complete as possible of the residential real estate market.

At the end of 2013, a survey has been conducted among OECD-countries to assess the availability of and the methodology applied in measuring house prices. The survey also included some questions on the availability of indicators related to housing. In 2014, one of the main steps of the project is the OECD Workshop on House Price Statistics to be held on March 24-25, 2014. The objective is to consider the best way forward in the further development of the above international databases. The main deliverable of the workshop is to arrive at an agreement for a roadmap to:

- develop a House Prices database in line with the Handbook on RPPIs (see http://www.oecd.org/std/prices-ppp/handbookonresidentialpropertypricesindicesrppis.htm) and related data on housing;
- develop and promote a research agenda for the further development of internationally comparable methods for compiling house price statistics.

As a follow-up of the workshop and according to the agreed roadmap at the workshop, it is planned to send a template to collect house price indices and related housing indicators to all OECD member countries, OECD accession and key partner countries with the objective to start the collection of data during the fourth quarter of 2014.

For further information, please contact Ms. Anne-Sophie Fraisse (Anne-Sophie.FRAISSE@oecd.org).

12. OECD Activities on Central Government Debt

In a parallel effort to the database on general government debt in line with SNA, the OECD also undertakes the annual collection of data for central government debt and policies according to the specific requirements of the previous editions of the Statistical Yearbook on Central Government Debt. The Central Government Debt database, under the auspices of the Working Party on Public Debt Management (WPDM)[2] provides detailed breakdowns on public debt management policies and information on related primary and secondary government securities markets (see Annex 1 for details).

The collection and provision of these additional data can serve as satellite accounts and complementary information. The OECD Central Government Debt database is currently being revised partly in response to the G20 Action Plan on Local Currency Bond Markets. To that end, Hans Blommestein, Head of OECD’s Public Debt Management and Bond Market Unit, presented papers at the Third International Workshop on Developing Local Bond Markets (hosted by the Bundesbank in Frankfurt on 17-18 November 2011 and organized by the IMF and WBG as part of the implementation of the G20 Action Plan).

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2. The mandate of the OECD Working Party on Debt Management (WPDM) is to serve as a policy forum for senior government debt managers from OECD Member countries to exchange views, experiences and policies in the field of government debt management and government securities markets. Discussions include also an assessment of the impact of other policies which materially influence debt management operations and central government debt markets such as regulation, supervision and reporting standards. Over the years, the Working Party has compiled a unique up-to-date pool of knowledge on leading practices, techniques, strategies, and operations in this special field of government activity and policy. The WPDM has also a significant outreach programme supported by the OECD-Italian Network for Public Debt Management.

This database will be revised and extended. Accordingly, the publication is currently being revised and its orientation significantly changed with more emphasis on structural policy information (such as primary market information, liquidity measures, risk metrics, derivatives, guarantees, etc.). Moreover, we are planning to include much more recent data than in the previous database. Finally, we will also include projections of central government debt. We will also change the title of the revised publication: OECD Central Government Debt Outlook (thereby bringing it into line with the underlying revisions).

However, to effectively carry out the work on these 2 complementary databases (*General Government Debt* in line with SNA and *Central Government Debt* in line with the specific requirements of the revised publication (OECD Central Government Debt Outlook), the following organisational changes have been made. Since 2012, the OECD Statistics Directorate did no longer assume responsibility for the annual collection of data for central government debt according to the specific requirements of the OECD Statistical Yearbook on Central Government Debt. Therefore, it was suggested that OECD's Directorate For Financial and Enterprise Affairs (DAF) will take full responsibility for the collection and provision of these data as satellite accounts and complementary information.

However, due to lack of resources drafting of the revised publication and updating the database are being delayed. Note that the revised database for OECD central government debt is included in the G20 action plan for local currency bond markets.

For further information, please contact Mr. Hans Blommestein (Hans.Blommestein@oecd.org) Head of OECD's Public Debt Management and Bond Market Unit or Ms. Perla Ibarlucea Flores (Perla.IBARLUCEAFLORES@oecd.org)

13. OECD-Italian Treasury-World Bank Network for Supporting Sound Public Debt Management in Emerging Markets

The OECD-Italian Treasury-World Bank Network for Public Debt Management in Emerging Markets is the result of a joint OECD-Italian initiative from 2002 and subsequently adopted by the OECD Working Party on Debt Management (WPDM). The World Bank joined the network as a partner in 2013.

The Public Debt Management Network for Emerging Markets (PDM Network) is a virtual network (**www.publicdebtnet.org**) that provides knowledge and information resources and a space for dialogue among debt managers and experts on public debt management and development and regulation of government securities markets. Established by the OECD and the Italian Treasury in cooperation with the OECD Working Party on Debt Management (WPDM), and in collaboration with the World Bank, the Network promotes knowledge sharing and exchange on sound practices in debt management, and provides data and information to support debt managers in their work.

Through its website, the PDM Network offers partners free and protected access to documents, data sources, newsletters, and events. The Network also supports WPDM outreach activities, and contributes to the OECD Global Forum on Public Debt Management. PDM Network partners include governments, multilateral organizations, universities and research institutions. The Network continues to encourage participation of wider range of emerging market and developing countries.

The PDM Network Governance Group acts as the Network steering group. It directs and plans the activities of the Network and oversees its work. The Governance Group is composed of representatives from the three Promoting Institutions (Italian Treasury, The OECD and the World Bank) and Members. Its size should not exceed 9 members. Promoting Institutions appoint permanent members, while Members participate on a rotational basis, for a period of two years in order to assure a gradual renewal and continuity. The composition of the Governance Group reflects the composition of the Network in terms of sovereign issuers, supranational or multilateral organisations and other Institutions.

The Website of the Network plays therefore an important supporting role in executing the WPDM's outreach programme by diffusing in an efficient fashion the Working Party's pool of information, including statistics. The Network also contributes to the annual Global OECD Forum on Public Debt Management.[3] The Network is also a very useful tool to reduce some of the burden of bilateral contacts between OECD Debt Management Offices and their counter-parts from emerging markets, in particular by providing efficient access to information on OECD debt policies and bond market practices.

A formal MOU was signed in 2004. A revised MOU (covering the participants as a partner by the World Bank) was signed in 2013. Its permanent Secretariat is based in the Italian Ministry of Finance [Rome-based manager: Maria Cannata, Director General; (Maria.Cannata@tesoro.it). OECD manager: Hans Blommestein, (Hans.Blommestein@oecd.org). World Bank manager: Phillip Anderson, (prdanderson@worldbank.org)]

14. The African Central Government Debt Statistical Yearbook.

The OECD is also carrying out work on African public debt management and bond markets and has recently published a Statistical Yearbook on African Central Government Debt (see Annex 2). For further information, please contact Mr. Hans Blommestein (Hans.Blommestein@oecd.org), Head of OECD's Public Debt Management and Bond Market Unit and Chair of the Steering Committee of the Centre for African Public Debt Management and Bond Markets or Ms. Perla Ibarlucea Flores (Perla.IBARLUCEAFLORES@oecd.org)

[3] For example, the network organised a session on auctions in the 2005 Forum meeting, held in Amsterdam.

15. The OECD Sovereign Borrowing Outlook.

Each year, the OECD's Bond Market and Public Debt Management Unit circulates a survey on the borrowing needs of member governments. The responses are incorporated into the OECD Sovereign Borrowing Outlook to provide regular updates of trends and developments associated with sovereign borrowing requirements, funding strategies, market infrastructure and debt levels from the perspective of public debt managers. The Outlook makes a policy distinction between funding strategy and borrowing requirements. The central government marketable gross borrowing needs for the OECD area are calculated based on budget deficits and redemptions using a standard methodology. The funding strategy entails decisions on how these borrowing needs are financed using different instruments (e.g. long-term, short-term, nominal, indexed) and on which distribution channels (e.g. auctions, tap, syndication) are being used.
Accordingly, this sixth Borrowing Outlook (OECD Sovereign Borrowing Outlook 2014) provides data, information and a background on sovereign borrowing needs, and discusses funding strategies and debt management policies for the OECD area and country groupings, by addressing the following issues:

- Gross borrowing requirements
- Net borrowing requirements
- The evolution of long-term rates
- Central government marketable debt
- Sovereign stress and the supply of safe public assets
- Challenges of the exit from central bank asset purchase programmes for sovereign issuers
- Funding strategies and instruments
- Distribution channels
- Liquidity in secondary markets

The OECD Sovereign Borrowing Outlook 2014 is published this year for the third time as a stand-alone publication. This edition reports for the first time on the gross borrowing needs of individual countries. Shorter assessments of sovereign borrowing needs were published in OECD Journal: Financial Market Trends, Volumes 2009/1, 2009/2, 2010/2 and 2011/2. (See www.oecd.org/daf/publicdebtmanagement)

For further information, please contact Mr. Hans Blommestein (Hans.Blommestein@oecd.org), Head of OECD's Public Debt Management and Bond Market Unit

ANNEX 1

OECD DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS

OECD DATABASE ON CENTRAL GOVERNMENT DEBT

In November 1999, the OECD Working Party on Government Debt Management of the Committee on Financial Markets reviewed and agreed the collection of information on central government debt statistics and methodology.

The annual collection of data for central government debt and policies is according to the specific requirements of the previous editions of the Statistical Yearbook on Central Government Debt which provide detailed breakdowns on public debt management policies and information on related primary and secondary government securities markets.

The OECD Central Government Debt database is currently being revised and extended. Accordingly, the publication is currently being revised and its orientation significantly changed with more emphasis on structural policy information (such as primary market information, liquidity measures, risk metrics, derivatives, guarantees, etc.). Moreover, we are planning to include much more recent data than in the previous database. Finally, we will also include projections of central government debt. We will also change the title of the revised publication: OECD Central Government Debt Outlook (thereby bringing it into line with the underlying revisions).

Objectives

The OECD database on Central Government Debt includes comprehensive quantitative information on marketable and non-marketable central government debt instruments of OECD member countries and focuses on borrowings requirements by governments to finance their budget deficits with the aim of meeting the analytical requirements of users such as policy makers, debt management experts and market analysts. Statistics are presented according to a comprehensive standard framework to allow cross-country comparison.

Coverage

The database includes comparative statistics on outstanding amounts and gross and net issues from 1980 onwards and on the duration and average term to maturity from 1990 onwards, when available. Statistics relating to Central Government Debt refer to all OECD countries and are reported in national currencies.

The coverage of the data is limited to central government debt issuance and excludes therefore state and local government debt and social security funds.

The statistics relate to both marketable (excluding swaps) and non-marketable central government debt instruments. However, they focus mostly on the marketable instruments which are examined in greater detail.

The statistics refer to resident and non-resident holdings. To capture the internationalisation of government securities markets, cross-border transactions of central government debt instruments are included.

Key concepts

The concepts used differ from the Maastricht definition of government debt, both with respect to the institutional coverage and the method of calculation.

Marketable instruments: They consist on Money market instruments (Treasury bills, commercial papers and other), Bonds (Fixed rate income instruments, further subdivided into short-term, medium term and long term bonds, Index-linked bonds, Variable-rate notes and other) with details on the length of maturity of Long-term bonds and Index-linked bonds. Other information is also provided: Total marketable debt held by non-residents, Total marketable debt in foreign currency, weighted average maturity of marketable debt and Weighted average yield of marketable debt.

Non-marketable instruments: they consist on Savings bonds and other. One memorandum item regarding the non-marketable debt held by non-residents is also provided.

Duration: the duration of the central government debt can be calculated according to the Macaulay duration or the modified duration methods.

Term to maturity: Maturity is the period of time until the redemption or expiration of a financial instrument. For most countries, the maturity structure is a residual maturity, i.e. the remaining time until the expiration or the repayment of the instrument.

Nominal value: Transactions should be reported at their nominal value, i.e. the amount that at any moment in time the debtor owes to the creditor at that moment.

Description

The latest update (May 2011) shows the statistics according to a comprehensive common framework to allow cross-country comparison.

- Table 1: Outstanding amounts at the end of yearly periods of the central government debt (both marketable and non-marketable debt), by instrument;
- Table 2: Gross and net issues of marketable and non-marketable debt of the central government by instruments;
- Table 3: Duration and average term to maturity of domestic, foreign and total debt. Data refer to both resident and non-resident holdings;
- Table 4: Outstanding amounts at the end of yearly periods of marketable central government debt by type of investors (residents/non-residents).

International comparisons' tables in US dollars and in percentage of GDP are derived from reported statistics and graphics are built to facilitate trends' analysis in OECD countries.

Country notes provide information on debt issuance in each country as well as on the institutional and regulatory framework governing debt management policy and selling techniques. They describe the details of debt instruments in each country.

All OECD countries' data are available on OECD.Stat, under Finance, Central Government Debt. A new update will be performed when the review of the OECD Central Government Debt database and publication are completed.

Source

Central Government Debt data are mainly reported by Ministries of Finance, Treasuries, Debt management offices, Central Banks and other financial agencies.

Future projects

Improvements and expansion of OECD Central Government Debt database and publication (OECD Central Government Debt Outlook) are under discussion within the WPDM: many users make suggestions to include statistics on the use of derivatives by DMOs, guarantees and liquidity measures, information on related primary and secondary government securities markets.

Since the onset of the crisis and the associated huge increase in sovereign borrowing operations, governments are facing additional pressures from investors, rating agencies and others to increase the transparency of borrowing and debt management operations. Against this backdrop, the OECD Task Force on Transparency of Debt Statistics Operations and Policies as a part of the activities of the WPDM submitted six reports covering the transparency of: (1) Measures for roll-over risk; (2) Contingent liabilities, in particular Guarantees; (3) Methods for duration and maturity calculations; (4) The use of derivatives; (5) Gross borrowing measures; (6) Indicators for central government debt. The members of the Transparency Task Force (led by the Swedish delegation with as members Turkey, Denmark, Iceland, and Canada and supported by the Secretariat) explained the key findings and suggestions based on their reports.

The Transparency Task force discussed a draft report with transparency (reporting) recommendations covering these six areas (this meeting was held last 19 February 2014 at the 23rd OECD Global Forum on Public Debt Management). A final draft version will subsequently be submitted to the OECD Working Party on Public Debt Management. The OECD can play an important role by publishing figures based on the transparency recommendations via its Sovereign Borrowing Outlook and revised or successor version of the OECD central government debt outlook

The revised Table of Content of the OECD Central Government Debt Outlook --Statistical Yearbook is as follows:

PART I: International Comparisons (Tables and Charts on Debt and Borrowing operations)
PART II: Tables and Policy Notes by Country
ANNEX I: Supplementary Information per Country
ANNEX II: Instrument Breakdown
ANNEX III: Overview Secondary Markets (Liquidity, Yields, etc)

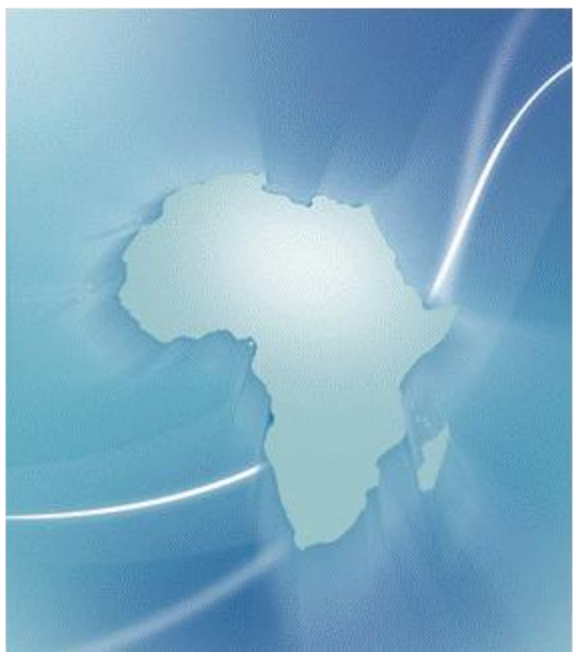
ANNEX IV: Overview Primary Markets
ANNEX V: Risk Management (Maturity, Sovereign Risk, Derivatives, etc)

ANNEX 2

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

ORGANISATION DE COOPÉRATION ET DE DÉVELOPPEMENT ÉCONOMIQUES

Objectives and Structure on the OECD Project on African Public Debt Management and Bond Markets



A. I. Core objectives of the OECD project on African Public Debt Management

The core objectives of the project follow directly from the needs of African policy makers responsible for public debt management and development of government bond markets; and OECD's comparative advantages in this area. This is the reason why the OECD annual Forum on African Public Debt Management and Bond Markets brings together senior debt managers from Africa and OECD countries. This high level meeting initiates dialogue on key African debt management and bond markets policy issues, and identifies priority areas for data gathering, analysis and capacity building with a view to generating practical policy solutions that governments can put into action.

The first objective of the project is the development of an OECD-led policy dialogue with, and among, African debt managers, central bankers, and other financial officials involved in public debt management and government bond markets. Secondly, through the policy dialogue, the capacity of African policy makers to prepare and execute sound debt management strategies and develop local-currency bond markets is enhanced significantly and progressively over time. Thirdly, African debt managers and policy makers are getting efficient and well-structured access to the worldwide knowledge network of debt managers. Becoming part of that network will add significant, durable and increasing value in supporting sound public debt management and related market practices in Africa. The fourth main objective is to create a reliable data base of African central government debt supported by a regular cross-country overview of (progress) in public debt management operations, techniques and policies.

B. II. OECD's comparative advantage

The activities of the project relates to policy areas where the OECD already plays a leading and complementary international role. The project is carried out in co-operation with African policy makers with the active support of various members of the OECD Working Party on Debt Management -- a unique, worldwide-known policy forum in the field of government debt management and bond markets.

The OECD-led policy dialogue is therefore well placed to leverage the largely technical assistance (TA) activities of other international organisations such as IMF, World Bank and African Development Bank in several ways. Firstly, the OECD is well-placed to contribute to the strategic dimension of public debt management and bond market development, thereby providing a unifying strategic framework to the various TA programmes. Secondly, African debt managers and policymakers are given efficient and well-structured access to the OECD-led knowledge network of debt managers (notably its Working Party on Debt Management); in particular the leading OECD practices that function de facto as global standards. Thirdly, the OECD has a comparative advantage in collecting structural statistics with a sophisticated methodology. For this project we have begun the creation of a database on African debt statistics that will give a comprehensive and detailed view of African public debt.

C. III. The importance of the project in light of the global financial and economic crisis

The ongoing financial and economic crisis underlines the importance of sound debt public management and stronger local-currency government bond markets. Many governments had to face a significant increase in expected budget deficits due to the fiscal fall-out of a recession that is worse than first anticipated and the financial consequences of resolving banking crises. As a result, all over the world, the borrowing needs of governments have exploded. As a result, sovereign issuers -- also in Africa -- need to address the consequences of increased competition in raising funds from markets. Additional competition for funds was generated by the issuance of government-guaranteed bank bonds. This rapid and massive increase in government issuance can be expected to push prices of government debt down and yields up. Recent turmoil in emerging markets underlines this risk. Issuance conditions have therefore become more challenging.

The financial crisis has forced investors to reduce their exposure to riskier securities, thereby increasing the risk premium on emerging market instruments. Debt Management Offices (DMOs) from emerging debt markets expressed their concern that the diminishing risk appetite of foreign investors and associated out-flow of foreign capital are affecting especially the long end of the yield curve4.

Governments in Africa and other emerging markets will need to rely increasingly on domestic savings. The OECD’s Africa project is therefore of growing importance for governments for designing and implementing sustainable funding strategies but also as part of a sound macroeconomic policy mix. Better debt public management operations and policies and stronger local-currency government bond markets help to reduce the cost and risk of public debt. It will also contribute to avoiding a build-up of new unsustainable debt burdens in the post-debt relief stage and as a result of the economic crisis.

Sound debt management and robust local-currency bond markets are essential ingredients for a more stable and efficient financial system and a more prosperous economy. The introduction of OECD best practices in this area are also driven by the fact that debt managers from emerging markets are increasingly facing challenges similar to those of their counterparts from advanced markets due to pressures from global finance.

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[4] Many debt managers (also from mature markets) were (are) forced to rely more heavily on the issuance of short-term and floating rate instruments.

D. IV. Summary of OECD working methods in implementing

The project has three principal pillars.

Pillar 1: The OECD Forum series on African Public Debt Management

Forum meetings focus on specific problems, issues, and public debt management policies of particular relevance to African countries. In contrast to market-infrastructure discussions at regional workshops, the main objective of OECD Forum meetings is to address strategic policy issues with both OECD and African public debt managers. In addition, Forum meetings, organised under the aegis of the OECD Working Party on Debt Management5, also function as an efficient clearing house to share and exchange information on the activities by the various international and regional players involved in different aspects of African debt management, including the IMF, World Bank, African Development Bank, NEPAD, MEFMI, WAIFEM and BCEAO/BEAC.

Pillar 2: The Regional Peer-learning workshop series on African Debt Management and Bond Markets form

Regional peer-learning workshops are held in Africa and, in contrast to Forum meetings, they deal with operational and technical aspects of interacting with and developing the infrastructure of African bond markets and the operational and technical aspects of Public Debt Management. The development of local-currency bond markets is instrumental in reducing the exposure of emerging market countries to external shocks and financial crises and promoting growth. An important feature of regional workshop proceedings is the use of special break-out sessions. They serve to facilitate the formulation of concrete policy conclusions.

Both Forum meetings and regional workshops are therefore supporting the development of sound market practices in the context of public debt and cash management, leading to stronger securities markets that in turn would help reducing the cost of managing public debt, strengthening other parts of the financial sector (such as micro-credit and SME financing) while also contributing to financial stability.

In sum, pillars 1 and 2 seek to improve the capacity of African policy makers to prepare and execute sound debt management strategies and develop local-currency bond markets while bringing African debt managers and policy makers into an efficient and well-structured

[5] The OECD Working Party on Debt Management (WPDM) is a unique policy forum, bringing together the senior debt managers from all OECD countries to discuss in a frank and open way the latest technical developments, to compare notes on best or leading practices and, more generally, to share experiences.

worldwide network of debt managers. An important general objective is to identify concrete policy recommendations.

Pillar 3: The creation of a database on African debt statistics

As noted, for this project we have also begun the creation of a database on African debt statistics that will give a comprehensive and detailed view of African public debt. The database will be on par with the best practices used among OECD member countries. Accordingly, the database will be built according to the methodology as set out in the OECD publication Central Government Debt: Statistical Yearbook 2003-2012.

All pillars seek to promote or support frank and open policy discussions between African and OECD debt managers on the one hand, and African market participants like banks, exchanges and rating agencies, on the other.

E. V. High political profile

During the last couple of years, G8, G20 and IMF communiqués have emphasised the crucial importance of sound public debt management and robust bond markets.

Because of the success of OECD's Africa project, sponsored by the Icelandic government, the OECD project manager has been invited as an advisor to the World Bank's Debt Management Facility (DMF) for Low-Income Countries (LICs). The OECD project is mentioned explicitly in the context of the programme-of-work of the new World Bank Facility. In this way, new opportunities are created to raise the profile of OECD's Africa project.

F. VI. In what respects are African countries benefitting from the OECD project?

Thus far, a wide range of African countries (in both sub-Saharan Africa and North Africa) have benefited from the project. Through the project, African countries have become more closely linked to the global network of public debt managers, centred around the OECD Working Party on Debt Management. In this way, African debt managers and other financials officials are getting efficient and well-structured access to leading policy perspectives and practices in public debt management and government securities markets, as well as the worldwide OECD-led network of public debt managers.

At the same time, the project has created an African policy forum where African debt managers can easily share experiences, compare notes and discuss common policy challenges. African policymakers have pointed out that such a network and forum was absent (policy institutions that OECD debt managers take for granted) and that the project has therefore filled (and continues to fill) an important institutional gap.

The project enhances the awareness of public debt management and government bond markets in Africa across multiple audiences. Within Africa, policymakers have gained a greater understanding of sound practices in modern and professional public debt management, their implementation, and the development of robust local-currency government bond markets. These activities take on greater importance as many countries take advantage of debt reduction initiatives and seek to avoid falling back into positions of unsustainable debt. The project also strengthens other parts of the financial sector (such as micro-credit and SME financing) while also contributing to financial stability more in general.

Simultaneously, the project enhances awareness of advances in Africa among policymakers, investors, and others outside the continent. Emerging markets are an increasingly important asset class for investors from the OECD area. As local-currency government bond markets in Africa gain strength in terms of liquidity, maturity structure, transparency, operational efficiency, and regulatory safeguards, they become more attractive as a destination for long-term investment by a wider range of categories of investors. African governments stand to benefit from this development, as it should lead to broader and more reliable sources of market-based funding for the public investment that is needed to grow their economies, reduce poverty, and make progress on the Millennium Development Goals. In this regard, South Africa, for instance, is already well-positioned, and the South African government bond market is becoming increasingly attractive as a destination for long-term investment by a wide range of investors from the OECD area.

The ongoing crisis enhances the importance of sound debt public management and stronger local-currency government bond markets. The project sponsored by the Icelandic government is therefore essential and even timelier than before.

G. VII. Summary of activities January - December 2013

A. Pillar 3: The creation of a database on African debt statistics

1) Preparation and publication of the "African Central Government Debt, Statistical Yearbook, 2003-2012". The data in the Yearbook can also be consulted on line.

Government debt managers have the responsibility to issue debt instruments to meet the borrowing needs of governments, to manage the outstanding stock of debt, to retire maturing debt and to contribute to the development of the market infrastructure. The type of debt instruments to be issued and the amounts to be raised depend not only on the volume of the borrowing requirement but also on the liquidity of the various outstanding instruments, preferences of investors and, more generally, on the financial and macroeconomic environment. Raising funds through marketable instruments will depend on factors such as easy access to well-functioning primary and secondary markets (in particular market liquidity) and the presence of well-developed market segments – institutional and retail investors.

This new edition of the African Yearbook (Yearbook hereafter) provides greatly improved statistics on African central government debt instruments and debt stocks. The Yearbook provides detailed information on marketable and non-marketable debt instruments in African countries with a view to providing an analytical tool, primarily to government debt managers but also to financial analysts from commercial financial institutions, research institutions, central banks, international financial institutions, government agencies, etc. Paper and electronic editions of the Yearbook will be revised and updated annually. Future editions seek to update more frequently.

Currently, institutional coverage is confined to central government debt. However, it is envisaged to include in future editions general government debt. According to the standard methodology, general government debt relates to the general government sector that, as defined in the System of National Accounts, is composed of three parts: central government, sub-national governments and social security funds.

The publication includes pan-African comparative statistics as well as information about individual African countries on 1) outstanding amounts of marketable and non-marketable central government debt; 2) accumulations and decumulations of marketable and non-marketable debt of central governments; 3) term to maturity and refixing of marketable and non-marketable debt both domestic and foreign and total debt; 4) ownership of local currency marketable debt; and 5) interest rates (YTM in secondary markets). Data are provided in national currency for the relevant fiscal year. Financial derivatives are excluded, unless otherwise indicated. They refer to both resident and non-resident holdings and are presented within a standard framework to facilitate cross-country analysis. Readers should consult the policy notes that provide an overview of the various instruments in each country. It is envisaged to expand these country notes in future editions. Debt management offices and agencies from Africa countries that participate in activities of the OECD Project are the source of information for the data on the instruments as well as the information on policy notes.

The African Yearbook is part of the output of the Centre for African Public Debt Management and Bond Markets. This Centre, a joint partnership between the OECD and the National Treasury of South Africa, was officially opened on 30 June 2011. The Centre's mission is to promote the implementation of policies, procedures and techniques related to African sovereign debt management and bond markets, based on OECD leading practices. Compiling reliable statistics on public debt and underlying policies and market infrastructure constitute an important pillar in implementing the Centre's mission.

The OECD Statistical Yearbook 2003-2012 on African Central Government Debt contains unique and reliable information on African public debt and public debt policies. Its value is being acknowledged by many users, including African policymakers, OECD policymakers, investors, international organisations (African development bank, IMF, World Bank) and academics.

The OECD Yearbook contains Pan-African comparisons of public debt and policies. It also provides individual country tables and policy notes.

The OECD Yearbook is part of the output from the Centre for Public Debt Management and bond markets. African policy makers have acknowledged on many occasions the crucial importance of this project (including the Centre) and the role played by the Icelandic government and policy makers. Also the contribution by Icelandic experts on debt management and bond markets is very much appreciated.

AFRICAN CENTRAL GOVERNMENT DEBT STATISTICAL YEARBOOK

Objectives

The Statistical Yearbook on African Central Government Debt provides comprehensive and consistent information on African central government debt instruments and debt stocks. In this way, the Yearbook constitutes an analytical tool for studying in detail marketable and non-marketable debt instruments in African markets.

Coverage

The database includes pan-African comparative statistics as well as information about individual African countries from 2003 onwards. Detailed quantitative information on central government debt instruments is provided for fifteen countries to meet the requirements of debt managers, other financial policy makers, and market analysts.

Description

Individual country data are presented in a comprehensive standard framework to facilitate cross-country comparison: 1) outstanding amounts of marketable and non-marketable debt, 2) accumulations and decumulations of marketable and non-marketable debt of central governments, 3) term to maturity and refixing of marketable and non-marketable debt, 4) ownership of local currency marketable debt, and 5) interest rates (YTM in secondary markets).

Data are provided in national currency for the relevant fiscal year. Statistics refer to both resident and non-resident holdings and are presented within a standard framework to facilitate cross-country analysis. Country policy notes provide background information on debt issuance as well as on the institutional and regulatory framework governing debt management policy.

Source

African governments based on OECD Survey. For further information on this data base: http://www.oecd.org/document/57/0,3746,en_2649_27994977_46251577_1_1_1_1,00.html

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