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IMF Committee on Balance of Payments Statistics
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**Report of the Work Program of Inter-Agency Task Force on
Finance Statistics and Related Issues**

**Prepared by the Statistics Department
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Introduction

The need for comprehensive and reliable information on external debt has long been recognized, as future debt repayment obligations have the potential to create circumstances that render an economy vulnerable to liquidity and sustainability problems. External debt and international investment position statistics have been assigned a top priority in the work program of the IMF Committee on Balance of Payments Statistics.

Given financial market developments in recent years, such as the huge growth in private sector financial flows and, associated with this, the increasing use of instruments to manage and redistribute risks, the international agencies working under the auspices of the Inter-Agency Task Force on Finance Statistics (TFFS)¹ are now updating *External Debt: Definition, Statistical Coverage and Methodology*—widely known as the *Grey Book*—that was published in 1988 by the BIS, IMF, OECD, and World Bank. The new *External Debt Statistics: Guide for Compilers and Users (Debt Guide)* will provide clear and consistent guidelines for the measurement and presentation of external debt data, and provide advice on their compilation and use.

At the same time, the Fund has undertaken a number of other initiatives relating to external debt statistics, most importantly the introduction of a new external debt data category in the Special Data Dissemination Standard (SDDS) and the inclusion in the core data category of the General Data Dissemination Standard (GDDS) public and publicly guaranteed external debt, and the associated debt service schedule. These decisions were taken by the Fund's Executive Board during their third review of the Fund's data standards initiatives in March 2000.

In preparing the Board paper on the third Review of the Fund's Data Standards Initiatives, the Fund staff consulted widely on the appropriate transition periods for implementing the new proposals for external debt data in the SDDS. An international conference hosted by the Fund in February in cooperation with the Financial Stability Forum Working Group on Capital Flows formed part of the consultation. The more than 100 data compilers and data users that participated in the conference brought a variety of perspectives to the discussion on the need for certain types of external-sector data, including external debt statistics.

In connection with the *Debt Guide*, the Fund sponsored a number of regional seminars on external debt statistics to make compilers aware of the new SDDS and GDDS requirements for external debt statistics and to discuss how best to meet the needs for

¹ The Task Force is chaired by the IMF and its recent work has included representatives from the Bank for International Settlements, the Commonwealth Secretariat, the European Central Bank, the European Statistical Office, the International Monetary Fund, the Organisation for Economic Co-operation and Development, the Paris Club Secretariat, the United Nations Conference on Trade and Development, and the World Bank.

these statistics at the national and international level. The first of these, for Asian countries, was held in Singapore in March 2000 and a second, for Eastern European countries, was held in August-September 2000 in Vienna.

This note provides the Committee with background information on each of these four areas, namely the preparation of the *Debt Guide*, the third review of the Fund's data standards initiatives, the Fund-sponsored conference on capital flow and debt statistics, and the Fund-sponsored regional seminars on external debt statistics.

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

The conceptual framework used in the *Debt Guide* is derived from the *System of National Accounts 1993* and the fifth edition of the *IMF's Balance of Payments Manual* also issued in 1993. Two different presentational frameworks for the stock of external debt are to be provided: one focuses on the role of the public sector, and the other is derived from the International Investment Position (IIP) presentation in *BPM5*. Either framework can present external debt data on a nominal or market value basis, but in the second draft of the *Guide*, which was provided to TFFS members for their meeting in mid-October (see below), the public-sector-focused data was specified on a nominal value basis, and the IIP-derived framework on a market value basis.

The *Debt Guide* will go beyond *1993 SNA* and *BPM5* frameworks and also specify the conceptual framework for measuring other external debt data series including: external debt data on a short-term remaining maturity basis; a debt service payment schedule; net external debt; external debt by the currency of denomination, and by the interest composition—fixed or variable; securities issued by the location of issuance; external debt by creditor institutional sector; and by the ultimate obligor—rather than the immediate obligor typically reported in economic statistics. Data on external debt re-organizations are also to be specified.

In addition to the conceptual chapters, the *Debt Guide* will provide advice on compiling external debt data and explain the analytical use of external debt data. The compilation section will include an overview chapter, and then separate chapters discussing the compilation of external debt data for the public sector, for banks and for other sectors, and on traded securities. The analytical section not only provides advice on the use of data, but also sets out the data available from international agencies, and how these data series compare with the IIP principles. Also, the *Guide* includes appendices that cover the relationship between the IIP, the balance of payments transactions, and the national accounts, as well as glossaries of external debt terms and of financial instruments.

A first, although incomplete, draft of the *Debt Guide* was made available in March 2000 to member countries of the IMF and other international agencies involved in the TFFS, and so far around 300 copies have been distributed. A copy is being sent to Committee members. A second draft of the *Guide* was provided to TFFS members in mid-September and is to be discussed at the TFFS meeting in Frankfurt, on October 11–13, 2000. This draft covered all the planned chapters and appendices, excluding that on debt re-

organization. The second draft, unlike the first, specifies a nominal value presentation of external debt, and all the complementary data series. An update of the outcome of this meeting will be provided to the Committee at its meeting on October 23–27, 2000. Looking ahead, the intention is that by the end of the year the Fund will circulate for comment the full draft of the *Guide* to all member countries of the international organizations represented on the TFFS. We anticipate that member countries will be given around three months for comment. Depending on the comments received, we may hold a meeting of experts before the *Guide* will be finalized. The expectation is that the final *Guide* will be available in the second half of 2001.

IMF Executive Board Review of Data Standards

On March 29, 2000, the Fund's Executive Board reviewed the experience under the Fund's data standards initiatives and to consider proposals for further refinements of the SDDS and the GDDS. Directors noted that subscribers had made significant progress in meeting the SDDS requirements. Concerning external debt, Directors expressed satisfaction that the staff had undertaken wide-ranging consultations on the prescriptions regarding external debt statistics. Directors approved the proposed three-year transition period for introducing the new SDDS external debt data category.² Subscribers will be required to disseminate quarterly external debt data with a one-quarter lag, covering four sector categories (general government, monetary authorities, banks, and all other) and further disaggregated by maturity—short and long-term—on an original maturity basis and by instrument, as set out in the *BPM5*. Directors also agreed with the proposal to change from six months to nine months the prescribed timeliness for the dissemination of the annual international investment position, provided that the subscriber is disseminating quarterly external debt data with a one-quarter lag.

The SDDS encourages the dissemination of supplementary information on prospective debt service obligations, in which the principal and interest components are separately identified twice yearly for four quarters and two semesters ahead, with a lag of one quarter. The data should also be broken down into sectors—general government, monetary authorities, the banking sector, and other sectors. In addition, SDDS encourages countries to disseminate a domestic-foreign currency breakdown of external debt each quarter, within one quarter of the reference period.

Because of the relative importance of external debt and the fact that most GDDS participants were likely to be net debtor countries with management systems that would generate the required information with minimum efforts, Directors endorsed the staff proposals to include in the core data category of the GDDS public and publicly guaranteed external debt, and the associated debt service schedule. For the GDDS, recommended best practice would be that the stock data, broken down by maturity, be disseminated with quarterly periodicity and timeliness of one or two quarters after the reference period. In addition, the associated debt service should be disseminated twice

² The transition period will end on March 31, 2003.

yearly, within three to six months after the reference period, and with data for four quarters and two semesters ahead.

In moving forward, many Directors recommended a period with no further changes in SDDS prescriptions so as to allow for consolidation of the progress achieved, and to encourage consensus building in favor of the SDDS initiative.

Conference on Capital Flow and Debt Statistics

An international conference entitled “Conference on Capital Flow and Debt Statistics: Can We Get Better Data Faster?” was hosted by the Fund on February 23-24, 2000 in cooperation with the Financial Stability Forum Working Group on Capital Flows. The Working Group had earlier proposed such a conference as a way to generate a dialogue between data users and compilers, discuss recent initiatives to improve data on capital flow and debt statistics, and identify priorities for further work in this area. The focus of the conference was on what actions and resources would be required to provide better and more timely data on capital flows and debt and what should be given priority. Approximately 120 senior-level data users, policymakers, and data compilers participated in the conference.

Data users and data compilers brought a variety of perspectives to the discussion of the need for certain types of external-sector data. Policymakers, data users, and a few compilers stressed the need for more comprehensive and timely capital flow and external debt statistics. Data compilers from industrial countries and offshore centers generally viewed the dissemination of such data as a lower priority. This reflected national statistical priorities as well as concerns regarding resources, compilation difficulties, and respondent burden. Many compilers raised the issue of data quality; without additional resources, there could be increased use of estimation and consequently a breakdown in user confidence in the data.

For their part, data compilers warmly welcomed the opportunity to discuss data issues with users, noting how rare an event this was at the international level. Most compilers felt pressured to produce more timely and comprehensive data, but many lacked the necessary additional resources to undertake this work. It was noted that, while policymakers and users have often called for more resources for statistical work at international conferences, these resources generally were not forthcoming in the domestic budget processes.

On balance, both compilers and users had a positive view of the usefulness of the SDDS. However, the proposed strengthening of the SDDS in the area of external debt data had raised the question of whether some SDDS categories might be designed too specifically to address the problems of a subset of countries.

There was widespread support from both users and compilers for continuing to develop at the international level methodological statistical frameworks that could be employed by all economies. These standards allowed for comparability of data across countries and

consistency of approach between related data series. Although a consensus between data users and data compilers on the priorities for producing better data had not emerged, there had been a flow of ideas that would be essential in working towards achieving such a consensus.

Joint Debt Statistics

Although the Joint BIS-IMF-OECD-World Bank Statistics on External Debt (Joint Debt Statistics) are extensively used, there have been many requests for the tables to be extended to include the debt of the industrial countries. Presently the tables cover all developing countries and all economies in transition as defined by the OECD's Development Assistance Committee. Expanding the country coverage was discussed at the January 2000 meeting of the TFFS, which agreed to explore this issue. One option would be to compile industrial country tables using the existing methodology of the Joint Debt Statistics. Thus, all available creditor-source and market-based data of the participating agencies would be included. As with the existing tables, there would be coverage deficiencies, although the extra impact of these deficiencies (e.g., the omission of domestically-issued securities and of trade credit) on industrial-country data would need to be highlighted. Another option would be to recognize that the coverage would be too deficient to publish the data from these sources and to look instead to alternative debtor-side sources of data. However, at the present time, few industrial countries disseminate quarterly external debt statistics, except for a few series. Other improvements under consideration include increasing the coverage of multilateral institutions and getting improved reporting from offshore financial centers in their submission of international banking statistics to the BIS.

Technical Assistance in External Debt Statistics

The first draft of the *Debt Guide* was used in two one-week regional seminars on external debt statistics. The first—for countries in the Asian region—was held in March 2000 at the IMF-Singapore Regional Training Institute in collaboration with the Australian Bureau of Statistics and the Singapore Department of Statistics. The second—for Eastern European countries—was held in August-September 2000 at the Joint Vienna Institute. Most of the participants in these seminars were from SDDS-subscribing countries.³ The main objective was to inform debt compilers of the recent developments in the area of external debt statistics, including the new SDDS and GDDS requirements, and to discuss methodological and coverage issues. Just as importantly, the seminars discussed institutional and other issues that need to be addressed in order for the needs for external debt statistics both at the national and international level. A provisional course of action for meeting the requirements was mapped out by the representatives of each country and it was agreed that the Fund would write to countries about nine months later to review progress and to assess whether further assistance would be required. Generally, the first

³ Other TFFS participants assisted the Fund in the presentation of both seminars. UNCTAD assisted in Singapore and the BIS, ECB, OECD, UNCTAD, and World Bank assisted in Vienna.

draft of the *Debt Guide* was well received. The next seminar is planned to be in Latin America in the early months of 2001. Another is scheduled to be held in Africa later in that year.

The Fund also provides technical assistance in external debt statistics through its ongoing program of technical assistance in balance of payments statistics to member countries. Missions for the three months November 2000-January 2001 are listed below.

IMF Statistics Department
Planned Balance of Payments Statistics Missions
November 2000–January 2001

Area Dept	Country	Mission Purpose	Start Date	End Date
AFR	Liberia	Balance of Payments Statistics	11/01/00	12/12/00
AFR	Mozambique	Balance of Payments Statistics	01/15/01	04/15/01
AFR	Nigeria	Balance of Payments Statistics	11/01/00	11/14/00
APD	Indonesia	Balance of Payments Statistics	9/22/00	11/17/00
APD	Philippines	Balance of Payments Statistics	10/02/00	10/27/00
EU1	Bulgaria	Balance of Payments Statistics	11/6/00	11/17/00
EU1	Bulgaria	Balance of Payments Statistics	02/12/01	02/23/01
EU2	Belarus	Balance of Payments Statistics	11/01/00	11/14/00
MED	West Bank & Gaza Strip	Balance of Payments Statistics	09/25/00	01/06/01