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A Guide to Sovereign Debt Data - S. M. Ali Abbas 2019-09-13

The last decade or so has seen a mushrooming of new sovereign debt databases covering long time spans for several countries. This represents an important breakthrough for economists who have long sought to, but been unable to tackle, first-order questions such as why countries have differential debt tolerance, and how debt levels affect the scope for countercyclical policy in recessions and financial crises. This paper backdrops these recent data efforts, identifying both the key innovations, as well as caveats that users should be aware of. A Directory of existing publicly-available sovereign debt databases, featuring compilations by institutions and individual researchers, is also included.

Strengthening Debt Management Practices - Lessons from Country Experiences and Issues Going Forward - International Monetary Fund 2007-03-27

This paper reviews Bank-Fund staff experience with strengthening public debt management (PDM) frameworks and capacity in developing countries. In 2001, the IMF and the World Bank developed sound practice guidelines in this area, followed by a pilot program to assist 12 countries develop and implement reforms. In addition, an assessment of PDM has been incorporated into surveillance work, where relevant, and included in other Bank and Fund advisory and technical assistance work. Based on these, the paper draws key lessons, identifies the continuing challenges facing debt managers, and proposes further capacity building and advisory work in PDM. The 12 countries in the pilot program were Bulgaria, Colombia, Costa Rica, Croatia, Indonesia, Kenya, Lebanon, Nicaragua, Pakistan, Sri Lanka, Tunisia, and Zambia.

Managing Public Debt - 2007-01-01

High-quality public debt management plays a critical role in reducing the vulnerability of developing countries to financial crises. With sound risk and cash management, effective coordination with fiscal and monetary policy, good governance, and adequate institutional and staff capacity in place, governments can develop and implement effective medium-term debt management strategies. Managing Public Debt: From Diagnostics to Reform Implementation draws insights from a joint pilot program set up by the World Bank and International Monetary Fund to design relevant reform and capacity-building programs in twelve countries. The experiences of these geographically and economically diverse countries - Bulgaria, Colombia, Costa Rica, Croatia, Indonesia, Kenya, Lebanon, Nicaragua, Pakistan, Sri Lanka, Tunisia, and Zambia - illustrate the challenges and elements necessary to make progress in the area of public debt management. Managing Public Debt will serve government officials contemplating or in the process of reforming their practices, providers of technical assistance, and practitioners working on building capacity in public debt management. Because effective implementation of debt management strategies also requires a developed domestic government debt market, readers will also be interested in the companion volume, Developing the Domestic Government Debt Market, published by The World Bank in February 2007, based on the same joint pilot program.

The Dynamic Implications of Debt Relief for Low-Income Countries - Mr.Ales Bulir 2011-07-01

The effects of debt relief on incentives to accumulate debt, consume, and invest are an important concern for donors and recipients. Using a dynamic stochastic general equilibrium model of a small open economy with a minimum consumption requirement and an endogenous relief probability, we show that excessive debt accumulation is consistent with an anticipation of a future debt relief. Simulations of the calibrated model using 1982-2006 Ugandan data suggest that debt-relief episodes are likely to have only a temporary impact on the level of debt in low-income countries, while being associated with more consumption and less invesment. The long-run debt-to-GDP ratio is estimated to be about twice as high with debt relief than without it.

Macroeconomic Developments and Prospects in Low-Income Developing Countries - International Monetary Fund. Strategy, Policy, & Review Department 2018-03-22

"This paper is the fourth in a series that examines macroeconomic developments and prospects in Low Income Developing Countries (LIDCs). LIDCs are Fund member countries where gross national income (GNI) per capita lies below a threshold level and where external financial linkages and socioeconomic indicators have not lifted them into emerging market status. There are 59 countries in the LIDC grouping, accounting for about one-fifth of the world’s population and 4 percent of global output. The paper examines macroeconomic trends across LIDCs in recent years, contrasting key features of the current situation with the period prior to the 2014 decline in commodity prices. Particular attention is given to the evolution of fiscal positions and public debt levels, including detailed analysis of the drivers of debt accumulation and the current severity of debt vulnerabilities. The analysis is grounded in, and draws on, the analysis and databases used to compile the World Economic Outlook: this report drills down into the WEO database to look in detail at the experience of LIDCs."

Applying the Debt Sustainability Framework for Low-Income Countries Post Debt Relief - World Bank 2006-06-11

In April 2006, the Executive Boards of the Bank and the Fund reviewed the debt sustainability framework (DSF) for low-income countries and the implications of the multilateral debt relief initiative. Directors thought that the DSF was broadly appropriate and that no major changes were warranted, but saw scope for additional guidance on the application of the framework in a context where the apparent borrowing space created by debt relief raises new challenges in terms of policy advice. Most Directors supported a case-by-case approach for assessing the appropriate pace of debt accumulation in countries with debt below the DSF thresholds, but requested the development of specific recommendations on the implementation of such a case-by-case approach.

Coping with the Global Financial Crisis - Ms.Stefania Fabrizio 2010-03-16

This forthcoming title in the Departmental Paper Series describes the special challenges facing low-income countries as economic growth contracts by an estimated 1.1 percent globally. Coping with the Crisis: Challenges Facing Low-Income Countries provides an assessment of the implications of the financial crisis for low-income countries, evaluates the short-term macroeconomic outlook for these countries, and discusses the policy challenges they face. Chapters cover the outlook for global economic growth and commodity prices, an overview of how low-income countries have been affected, fiscal policy, monetary and exchange rate policy responses, potential external financing needs and how the international community, including the IMF, can help countries meet them. The challenges ahead for low-income countries are delineated, including debt vulnerabilities and the need for countries to develop well-regulated local capital markets and banking systems, as well as enhanced public sector efficiency.

Helping Developing Countries Address Public Debt Management Challenges - An IMF-World Bank Capacity Building Partnership - World Bank 2013-05-03

In 2009, the Boards of the IMF and World Bank jointly endorsed a capacity building program to help developing countries strengthen their public debt management frameworks. A key aspect of the program was to help developing countries implement the framework developed by staffs to formulate an effective medium-term debt management strategy (MTDS). The Boards also supported the continued use of the complementary framework—the Debt Management Performance Assessment (DeMPA)—developed in 2007, to assess the effectiveness of the broader institutional arrangements for public debt management. This paper provides an update on the implementation of the program since its endorsement in 2009.

Global Waves of Debt - M. Ayhan Kose 2021-03-03

The global economy has experienced four waves of rapid debt accumulation over the past 50 years. The first three debt waves ended with financial crises in many emerging market and developing economies. During the current wave, which started in 2010, the increase in debt in these economies has already been larger, faster, and broader-based than in the previous three waves. Current low interest rates mitigate some of the risks associated with high debt. However, emerging market and developing economies are also confronted by weak growth prospects, mounting vulnerabilities, and elevated global risks. A menu of policy options is available to reduce the likelihood that the current debt wave will end in crisis and, if crises do take place, will alleviate their impact.

Government Spending Effects in Low-income Countries - Ms.Wenyi Shen 2015-12-30

Despite the voluminous literature on fiscal policy, very few papers focus on low-income countries (LICs). This paper develops a new-Keynesian small open economy model to show, analytically and through simulations, that some of the prevalent features of LICs—different types of financing including aid, the marginal efficiency of public investment, and the degree of home bias—play a key role in determining the effects of fiscal policy and related multipliers in these countries. External financing like aid increases the resource envelope of the economy, mitigating the private sector crowding out effects of government spending and pushing up the output multiplier. The same external financing, however, tends to appreciate the real exchange rate and as a result, traded output can respond quite negatively, reducing the overall output multiplier. Although capital scarcity implies high returns to public capital in LICs, declines in public investment efficiency can substantially dampen the output multiplier. Since LICs often import substantial amounts of goods, public investment may not be as effective in stimulating domestic production in the short run.

Public Debt Vulnerabilities in Low-Income Countries - The Evolving Landscape - International Monetary Fund 2015-09-11

This is the first joint IMF/World Bank report on public debt vulnerabilities in low income countries (LICs). It examines debt-related developments and their underlying causes since the onset of the global financial crisis. The findings will inform the upcoming review of the IMF/WB debt sustainability framework for LICs. Over this period, improved macroeconomic performance in LICs, combined with HIPC/MDRI debt relief and high demand for commodities, contributed to improved LIC creditworthiness. At the same time, new borrowing opportunities emerged as a result of the accommodative liquidity conditions in international capital markets, the deepening of domestic financial markets for some LICs, and the growing lending activities of non-Paris Club countries. These new financing possibilities helped mitigate the decline in Paris Club lending to LICs and have been associated with a shift toward greater reliance on non-concessional credit. The changing financing landscape has been most significant for frontier LICs.

International Debt Statistics 2021 - World Bank 2020-12-21

International Debt Statistics (IDS), a long-standing annual publication of the World Bank, features external debt statistics and analysis for the 120 low- and middle-income countries that report to the World Bank Debtor Reporting System. IDS 2021 includes (1) an overview analyzing global trends in debt stocks of and debt flows to low- and middle-income countries within the framework of aggregate capital flows (debt and equity); (2) a feature story on the World Bank and International Monetary Fund Debt Service Suspension Initiative in response to the COVID-19 pandemic; (3) tables and charts detailing debtor and creditor composition of debt stock and flows, terms of new commitments, and maturity structure of future debt service payments and debt burdens, measured in relation to gross national income and export earnings for each country; (4) one-page summaries per country, plus global, regional, and income group aggregates showing debt stocks and flows, relevant debt indicators, and metadata for six years (2009 and 2015†"19); and (5) a user guide describing the tables and content, definitions and rationale for the country and income groupings used in the report, data notes, and information about additional resources and comprehensive data sets available to users online. Unique in its coverage of the important trends and issues fundamental to the financing of low- and middle-income countries, IDS 2021 is an indispensable resource for governments, economists, investors, financial consultants, academics, bankers, and the entire development community. For more information on IDS 2021 and related products, please visit the World Bank's Data Catalog at https://datacatalog.worldbank.org/dataset/international-debt-statistics.

Public Debt and Growth - Jaejoon Woo 2010-07-01

This paper explores the impact of high public debt on long-run economic growth. The analysis, based on a panel of advanced and emerging economies over almost four decades, takes into account a broad range of determinants of growth as well as various estimation issues including reverse causality and endogeneity. In addition, threshold effects, nonlinearities, and differences between advanced and emerging market economies are examined. The empirical results suggest an inverse relationship between initial debt and subsequent growth, controlling for other determinants of growth: on average, a 10 percentage point increase in the initial debt-to-GDP ratio is associated with a slowdown in annual real per capita GDP growth of around 0.2 percentage points per year, with the impact being somewhat smaller in advanced economies. There is some evidence of nonlinearity with higher levels of initial debt having a proportionately larger negative effect on subsequent growth. Analysis of the components of growth suggests that the adverse effect largely reflects a slowdown in labor productivity growth mainly due to reduced investment and slower growth of capital stock.

Clockwork Debt, Trade and the External Debt of Developing Countries - Pierre Dhonte 1979

Developing Country Borrowing and Domestic Wealth - Mark Gertler 1989

We show that across developing countries, external debt to private creditors rises more than proportionately with income. We then develop a simple theoretical model consistent with this phenomenon and also consistent with the well-documented relationship between capital market development and growth. Our framework stresses information asymmetries at the level of individual borrowers as the source of frictions in world capital markets. Because of moral hazard problems, marginal products of capital and borrowing-lending spreads are higher in poorer countries. In a two-country version of the model, we demonstrate the possibility of a siphoning effect which exacerbates the costs of transfers. Also because of the siphoning effect, increased wealth in the rich country can stunt investment in the poor country.

Debt-Sustainability in Low-Income Countries - Proposal for an Operational Framework and Policy Implications - International Monetary Fund. Finance Dept. 2004-03-02

NULL

The Evolution of Public Debt Vulnerabilities In Lower Income Economies - International Monetary Fund. Strategy, Policy, & Review Department 2020-02-10

Public debt in lower-income economies (LIEs) has risen in recent years, with half of the countries covered in this report now assessed to be at high risk of or already in debt distress.

Creating Policy Space in Low-Income Countries during the Recent Crises - Mr.Paolo Dudine 2010-03-16

Low-income countries were hit especially hard by sharp increases in world food and fuel prices in 2007-08 and the global financial crisis that followed. In response, the International Monetary Fund scaled up its financial assistance to low-income countries and revamped its concessional lending facilities to make them more flexible in meeting the diverse needs of these countries. Creating Policy Space in Low-Income Countries during the Recent Crises assesses empirically the outcome of the IMF response, and provides insight into how IMF-supported programs in low-income countries have been adapted to the changing economic circumstances in these countries. The authors report that these programs have provided expanded policy space in the face of the global price shocks and financial crisis.

Emancipating the Banking System and Developing Markets for Government Debt - Maxwell J. Fry 1997

First Published in 1997. Routledge is an imprint of Taylor & Francis, an informa company.

Helping Countries Develop - Mr.Sanjeev Gupta 2004-09-17

Sets out principles for conducting fiscal policy in developing countries. Examines the role of public spending in meeting the Millennium Development Goals. Discusses the determinants of fiscal sustainability, the effectiveness of social spending, the limits to absorptive capacity, the volatility of aid flows and their impact on dependency, and a range of other contentious issues.

Debts and Deficits in 26 Developing Countries - Maxwell J. Fry 1991

Public Debt and Fiscal Vulnerability in the Middle East - Martin Petri 2007

Public debt in the Middle East increased during the mid-1990s mainly because of fiscal expansions. It decreased in recent years, thanks to high oil revenue, economic growth, some primary non-oil fiscal adjustment, and debt relief. While countries in the Middle East appear to have adequately reacted to high indebtedness in the past, public debt levels remain uncomfortably high in many, particularly non-oil producing countries and middle income oil producers. Non-oil countries adjust mainly by increasing revenues, whereas oil countries adjust expenditure. For non-oil producing countries, substantial fiscal adjustment would be needed to bring debt down to below 50 percent of GDP. Oil producers as a group appear to follow sustainable, though procyclical, fiscal policies. Middle-income (but not high-income) oil producing countries would need to adjust somewhat to bring their policies in line with the permanent oil income benchmark.

Public Debt, North and South - Helmut Reisen 1989

Why has government debt risen since 1984 despite rationed foreign lending and efforts at fiscal consolidation? And how can the rising debt be stopped? Possible remedies are growth - oriented fiscal adjustment, improved debt management, and voluntary debt reduction.

Overcoming Developing Country Debt Crises - Barry Herman 2010-04-01

The book looks at historical sovereign debt crises in developing and transition economies, and concludes that these occurrences have been economic and social catastrophes and are likely to happen again in the future due to the boom and bust nature of economic cycles, which can wreak havoc in liberalized financial environments.

The Role of Domestic Debt Markets in Economic Growth - S. M. Ali Abbas 2007-06

We develop a new public domestic debt (DD) database covering 93 low-income countries and emerging markets over the 1975-2004 period to estimate the growth impact of DD. Moderate levels of non-inflationary DD, as a share of GDP and bank deposits, are found to exert a positive overall impact on economic growth. Granger-causality regressions suggest support for a variety of channels: improved monetary policy; broader financial market development; strengthened domestic institutions/accountability; and enhanced private savings and financial intermediation. There is some evidence that, above a ratio of 35% percent of bank deposits, DD begins to undermine growth, lending credence to traditional crowding out and bank efficiency concerns. Importantly, the growth contribution of DD is higher if it is marketable, bears positive real interest rates and is held outside the banking system. Working Papers describe research in progress by the author(s) and are published to elicit comments and to further debate.

Assisting Development in Low-income Countries - Committee for Economic Development 1969

the growth in government domestic debt: changing burdens and risks - James A. Hanson 2007

Abstract: This paper analyzes the recent growth of government domestic debt, including central bank debt, using a new data base on government domestic debt in developing countries with large, open financial systems. On average, government domestic debt grew much faster than GDP between 1994 and 2004 and became larger than foreign debt. The rapid growth of domestic debt reflects financial crises, the growth of central bank debt and the greater attractiveness to governments of issuing domestic debt as well as the recent increase in demands for it. Both its attractiveness and the increased demands for it reflect the current benign international environment to some degree. The main risk of government debt, domestic or foreign, remains its overall size relative to a country's fiscal, financial, and political institutions. While government domestic debt can help the domestic private capital market, large domestic debt, like large external debt, has risks. For example, there can be "sudden stops" in the demand for domestic debt as well as in foreign lending. Governments need to be aware of the risks and burdens in domestic debt issue-crowding out small borrowers, transferring risks to banks when issuing longer maturity, fixed-interest domestic debt and reducing returns, and imposing risks on holders of pensions, annuities, and life insurance policies. Growth of central bank debt can divert central banks from pursuit of the objective of price stability.

Predicting Fiscal Crises - Ms.Svetlana Cerovic 2018-08-03

This paper identifies leading indicators of fiscal crises based on a large sample of countries at different stages of development over 1970-2015. Our results are robust to different methodologies and sample periods. Previous literature on early warning sistems (EWS) for fiscal crises is scarce and based on small samples of advanced and emerging markets, raising doubts about the robustness of the results. Using a larger sample, our analysis shows that both nonfiscal (external and internal imbalances) and fiscal variables help predict crises among advanced and emerging economies. Our models performed well in out-of-sample forecasting and in predicting the most recent crises, a weakness of EWS in general. We also build EWS for low income countries, which had been overlooked in the literature.

Developing the Domestic Government Debt Market - 2007-01-01

Domestic government debt markets play a critical role in managing public debt effectively and reducing the vulnerability of developing countries to financial crises. Many aspects of debt markets - money, primary, and secondary markets; a diversified investor base; and sound securities custody and settlement systems and regulation - interact in complex ways and are affected by previous policies and developments. Developing the Domestic Government Debt Market: From Diagnostics to Reform Implementation draws insights from a joint pilot program set up by the World Bank and International Monetary Fund to design relevant reform and capacity-building programs in twelve countries. The experiences of these geographically and economically diverse countries - Bulgaria, Colombia, Costa Rica, Croatia, Indonesia, Kenya, Lebanon, Nicaragua, Pakistan, Sri Lanka, Tunisia, and Zambia - illustrate the challenges, obstacles, and progress in applying principles of market development. Developing the Domestic Government Debt Market will serve government officials contemplating or in the process of reforming their practices, providers of technical assistance, and practitioners working on building capacity in debt market development. Because effective development of debt markets is one key piece in sound public debt management, readers will also be interested in the companion volume, Managing Public Debt, published by The World Bank in February 2007, based on the same joint pilot program.

The Adaptive Economy - Tony Killick 1993-01-01

This book explores the relationship between economic adaptation and long-run development, with particluar emphasis on small, low- income economies. It also examines what makes for flexibility within an economy and how policy can affect an economy's ability to adapt to conditions over which it has no control. The premise is that all economies need to adapt to changing circumstances in order to achieve a reasonable pace of development. The author explains the forces to which economies need to respond, the attributes that increase an economy's capacity to adjust, the difficulties of adjustment, and what policy can do to facilitate adjustment. The author illustrates structure and flexibility within an economy and offers a guide to forming policy. Specific policy options are examined, among them using exchange rate fluctuations. The roles of government and markets in setting adjustment policies for industry, agriculture, and finance are explored. The study draws upon a wide range of material and avoids a narrowly economic point of view. The book is intended for use by economists working for or advising government agencies and for teachers and students of development economics. It includes an extensive reference list.

Donor Herding and Domestic Debt Crisis - Yohane Anthony Khamfula 2006-04

This paper presents a new model based on the loan-pushing model by Basu (1991) to show how a domestic debt crisis can occur in a low-income country following donor herding. The model focuses on the rational herding behavior of donors due to payoff and information externalities. Although there are many theoretical models on herding behavior, these models have not formally considered the relationship between donor herding and domestic debt crisis in a low-income country. This paper is an attempt to fill this gap. The paper shows that due to donor herding behavior a domestic debt crisis can occur once the actual debt level is above the desirable one.

Guidance Note on the Bank-Fund Debt Sustainability Framework for Low Income

Countries - International Monetary Fund. Strategy, Policy, & Review Department 2018-02-14

Low-income countries (LICs) face significant challenges in meeting their Sustainable Development Goals (SDGs) while at the same time ensuring that their external debt remains sustainable. In April 2005, the Executive Boards of the International Monetary Fund (IMF) and the International Development Association (IDA) approved the introduction of the Debt Sustainability Framework (DSF), a tool developed jointly by IMF and World Bank staff to conduct public and external debt sustainability analysis in low-income countries. The DSF has since been serving to help guide the borrowing decisions of LICs, provide guidance for creditors' lending and grant allocation decisions, and improve World Bank and IMF assessments and policy advice. The latest review of the framework was approved by the Executive Boards in September 2017. This introduced reforms to ensure that the DSF remains appropriate for the rapidly changing financing landscape facing LICs and to further improve insights into debt vulnerabilities. This note provides operational and technical guidance on the implementation of the reformed framework.

Fiscal Policy Design in Low-income Countries - Christopher S. Adam 2001

Debt Sustainability in Low-Income Countries - Further Considerations on an Operational Framework and Policy Implications - World Bank 2004-10-09

This paper seeks to address queries on several operational issues: (i) the robustness of the indicative thresholds; (ii) modalities for implementing DSAs; and (iii) operational implications for the Fund, Bank, and other international financial institutions and creditors.

Debts and Deficits in Developing Countries - Maxwell J. Fry 1991

Can They Do It All? Fiscal Space in Low-Income Countries - Ms.Anja Baum 2017-05-05
According to U.N. estimates, low-income countries will have to increase their annual public spending by up to 30 percent of GDP to achieve the Sustainable Development Goals (SDGs), raising the question of whether they can do it all. This paper develops a new metric of fiscal space in low-income countries that accounts for macroeconomic uncertainty, allowing us to assess whether those spending needs can be accommodated. Illustrative simulations based on this methodology imply that, even under benign conditions, the fiscal space available in lowincome countries is likely insufficient to undertake the spending needed to achieve the SDGs. Improving public investment efficiency and domestic revenue mobilization can somewhat narrow the gap but it will require major efforts relative to recent trends.

Public Debt in Developing Countries - Indermit Singh Gill 2005

Several prominent MACs have sought to address the debt and external finance problem by generating large primary fiscal surpluses, switching to flexible exchange rates, and reforming fiscal and financial institutions. Such country-led initiatives completely dominate attempts to overhaul the international financial architecture or launch new lending instruments, which have so far met with little success. While the initial results of the countries' initiatives have been encouraging, serious questions remain about the viability of the model of market-based external development finance. Beyond crisis resolution, which has received attention in the form of the sovereign debt restructuring mechanism, the international financial institutions may need to ramp up their role as providers of stable long-run development finance to MACs instead of exiting from them."

Private Bank Lending and Developing-country Debt - Pierre Sauvé 1984

Public Debt in Developing Countries - Indermit Singh Gill 2005
"Over the past 25 years, significant levels of public debt and external finance are more likely to have enhanced macroeconomic vulnerability than economic growth in developing countries. This applies not just to countries with a history of high inflation and past default, but also to those in East Asia, with a long tradition of prudent macroeconomic policies and rapid growth. The authors examine why with the help of a conceptual framework drawn from the growth, capital flows, and crisis literature for developing countries with access to the international capital markets (market access countries or MACs). They find that, while the chances of another generalized debt crisis have receded since the turbulence of the late 1990s, sovereign debt is indeed constraining growth in MACs, especially those with debt sustainability problems ... " -- Cover verso.

Public Investment in Resource-Abundant Developing Countries - Mr.Andrew Berg 2012-11-15
Natural resource revenues provide a valuable source to finance public investment in developing countries, which frequently face borrowing constraints and tax revenue mobilization problems. This paper develops a dynamic stochastic small open economy model to analyze the macroeconomic effects of investing natural resource revenues, making explicit the role of pervasive features in these countries including public investment inefficiency, absorptive capacity constraints, Dutch disease, and financing needs to sustain capital. Revenue exhaustibility raises medium-term issues of how to sustain capital built during a windfall, while revenue volatility raises short-term concerns about macroeconomic instability. Using the model, country applications show how combining public investment with a resource fund---a sustainable investing approach---can help address the macroeconomic problems

associated with both exhaustibility and volatility. The applications also demonstrate how the model can be used to determine the appropriate magnitude of the investment scaling-up (accounting for the financing needs to sustain capital) and the adequate size of a stabilization fund (buffer).