# PDM NETWORK *Monthly Newsletter*

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Dear Partner, this *Newsletter* contains a list of the ***latest uploaded resources*** both in the documentation and in the event areas of the PDM Network website (**www.publicdebtnet.org**). The PDM Network has its main objective in the joint cooperation among its participants regarding the quantity and quality of information available on the website. So far, it is very appreciated a stronger collaboration in this field, **signaling to the Network Secretariat** any documents, news and events of interest at **publicdebtnet.dt@tesoro.it**.

## Contents



# New Documents

## Papers

### Core Topics in Debt Management

**Assessing Public Debt Sustainability in EU Member States** (2014)
European Commission - European Commission

**Abstract:** The aim of this paper is to illustrate the methodological approach used by the Commission services (DG ECFIN/C2) to carry out, in a systematic and harmonized way, public debt sustainability analysis (DSA) for EU Member States. Analyzing recent and prospective public debt developments and risks to debt sustainability is crucial for EA countries and the EU as a whole to be able to formulate appropriate policy responses. To this aim, the Commission services (DG ECFIN) prepare on a regular basis (twice a year, following autumn and spring Commission forecasts) an internal "Debt Sustainability Monitor" report (DSM) presenting, for each Member State, a detailed public debt sustainability analysis, accompanied by the analysis of fiscal sustainability indicators. The DSM provides key information for regular budgetary surveillance. The assessment of Member States' debt developments is indeed a key component of fiscal surveillance under the Stability and Growth Pact, the European semester and the Europe 2020 strategy.

Public debt dynamics is analyzed in the DSM through traditional (deterministic) debt projections, accompanied by sensitivity analysis, and stochastic debt projections. Brand new tools have also been introduced in the DSA framework with the aim of ensuring a more comprehensive assessment of risks to public debt sustainability (capturing risks arising, for instance, from the structure of public debt financing and from governments' contingent liabilities). Other new tools have been introduced to make it possible to assess the realism of underlying macroeconomic assumptions.

## Secondary Market

### Bank bonds: size, systemic relevance and the sovereign (2014)

Zaghini Andrea - Bank of Italy

**Abstract:** In this paper the author analyzes the risk premium on bank bonds at origination with special focus on the role of implicit and explicit public guarantees and the systemic relevance of issuing institutions. Looking at the asset swap spread on 5,500 bonds, the author finds that explicit guarantees and sovereign creditworthiness have a substantial effect on the risk premium. In addition, while large institutions still enjoy lower issuance costs linked to the TBTF framework, he finds evidence of enhanced market discipline for systemically important banks which have faced an increased premium on bond placements since the onset of the financial crisis.

### Price pressures in the UK index-linked market: an empirical investigation (2014)

Zinna Gabriele - Bank of Italy

**Abstract:** In this paper the authors investigate the impact of long term investors' demand for UK index-linked gilts on the term structure of real rates for the 1987-2012 period. This is done by carrying out a structural estimation of the preferred-habitat model of Vayanos and Vila (2009). The authors use data on long-term investors' holdings of inflation-linked gilts by long-term investors, issuance of index-linked bonds and average maturity to identify the impact of supply/demand imbalances on rates. The authors find that demand pressure from long-term investors contributed to the decline in longer-term real rates over the 1987-2012 period by compressing bond risk premia. Before 2000, the fall in rates is largely due to the in-creasing demand pressure exerted by UK pension funds. Foreign institutional investors' demand in-stead played an important role in the subsequent decade.

### Short-term determinants of the idiosyncratic sovereign risk premium: a regime-dependent analysis for European credit default swaps (2014)

Calice Giovanni - University of Birmingham; Miao RongHui - University of Bath; Štěrba Filip - RSJ Algorithmic Trading; Vašíček Bořek - Czech National Bank

**Abstract:** This study investigates the dynamics of the sovereign CDS term premium for five European countries. The CDS term premium can be regarded as a forward-looking measure of idiosyncratic sovereign default risk as perceived by financial markets. Using a Markov-switching unobserved component model, the authors decompose the daily CDS term premium into two components of statistically different nature and link them in a vector auto regression to various daily observed financial market variables. The authors find that such decomposition is vital for understanding the short-term dynamics of this premium. The strongest impacts can be attributed to CDS market liquidity, local stock returns, and overall risk aversion. By contrast, the impact of shocks from the sovereign bond market is rather muted. Therefore, the CDS market microstructure effect and investor sentiment play the main roles in sovereign risk evaluation in real time. Moreover, the authors also find that the CDS term premium response to shocks is regime-dependent and can be ten times stronger during periods of high volatility.

## Issuing in Foreign Currency

### First-Time International Bond Issuance—New Opportunities and Emerging Risks (2014)

Guscina Anastasia - International Monetary Fund; Pedras Guilherme - International Monetary Fund; Presciuttini Gabriel - International Monetary Fund

**Abstract:** International bond issuance by debut issuers has risen in recent years. The uptick was a result of both demand and supply factors. The search for yield and demand for portfolio diversification have resulted in demand-driven easy financing conditions. At the same time, rising financing needs for many debut issuers, coupled with reduced access to concessional financing, relatively undeveloped domestic markets, and a favorable interest rate environment have made international bonds an attractive financing alternative for many countries. As bonds issued in the international markets are typically denominated in hard currencies, have large volumes and a bullet structure, exposure to exchange rate and refinancing risk has increased. Therefore, risk-mitigating policy actions are needed to prepare for redemption, support debt sustainability, and secure adequate debt management capacity.

## Multilateral Debt

**[Sovereign Debt Restructurings in Belize: Achievements and Challenges Ahead]() (2014)**

Asonuma Tamon - International Monetary Fund; Peraza Gerardo - International Monetary Fund; Vitola Kristine - International Monetary Fund

**Abstract:** This paper examines the causes, processes, and outcomes of the two Belize sovereign debt restructurings in 2006–07 and in 2012–13 that occurred outside of an IMF-supported program. It finds that the motivation for the two debt restructurings differed, as the former was driven by external liquidity concerns while the latter was motivated by a substantial increase in the coupon rates and future fiscal solvency concerns. Despite differential treatment between residents and non-residents, both 2006–07 and 2012–13 debt exchanges were executed through collaborative engagement, due in part to the existence of a broad-based creditor committee and the authorities' effective communication strategy. However, while providing temporary liquidity relief, neither of the debt restructurings properly addressed long-term debt sustainability concerns. Going forward, the success of the 2012–13 debt restructuring will still depend on the country's ability to strengthen fiscal efforts and public debt management framework.

**Debt, Growth and Natural Disasters A Caribbean Trilogy (2014)**

Acevedo Sebastian - International Monetary Fund

**Abstract:** This paper seeks to determine the effects that natural disasters have on per capita GDP and on the debt to GDP ratio in the Caribbean. Two types of natural disasters are studied –storms and floods– given their prevalence in the region, while considering the effects of both moderate and severe disasters. I use a vector autoregressive model with exogenous natural disasters shocks, in a panel of 12 Caribbean countries over a period of 40 years. The results show that both storms and floods have a negative effect on growth, and that debt increases with floods but not with storms. However, in a subsample I find that storms significantly increase debt in the short and long run. I also find weak evidence that debt relief contributes to ease the negative effects of storms on debt.

## Legal Issues and Conventions

**Sovereign Debt and Exclusions from Insolvency Proceedings (2014)**

Westbrook Jay Lawrence - University of Texas at Austin School of Law

**Abstract:** Underlying this short paper are two propositions. The first is that three forms of exclusion from bankruptcy laws or bankruptcy-like procedures represent a serious threat to the global financial system that has developed since the Second World War. The exclusions are sovereign default, SIFI default, and default on derivative contracts. The second proposition is that the danger to the financial system represented by these exclusions is greatly increased by the fact that the three excluded phenomena are strongly interactive and reinforcing. These two propositions were the subject of a symposium held at The University of Texas School of Law in February of 2013. The excellent conference organized by Professor Christopher Paulus addresses sovereign default directly and implicates the SIFI and derivative defaults indirectly. In this paper I will write in a preliminary way about sovereign debt, including the United States experience with debt at the level of individual states of the United States; and about the derivative exemption from bankruptcy as it relates to sovereign debt.

**Integración del capital regulatorio en países latinoamericanos y efectos de Basilea III (2014)**

Warman D. Fanny – CEMLA

**Abstract:** El propósito del trabajo es analizar la regulación relativa a la integración del capital regulatorio de los bancos en diversos países latinoamericanos y evaluar el efecto de la incorporación de conceptos establecidos en los estándares de capital de Basilea iii en la regulación interna de estos países. La adopción de la regulación sobre integración de capital planteada por Basilea iii es deseable debido a que se fortalecería la capacidad del capital de los bancos para absorber pérdidas, aumentaría la transparencia en el cómputo de capital y se incrementaría la confianza del mercado yotros intermediarios en los indicadores de solvencia de los bancos.

## Asset & Liability Management

**Sovereign ALM Framework for DMOs: What do country experiences suggest? (2014)**

Koc Fatos - Turkish Treasury

**Abstract:** This paper examines the benefits and challenges of adopting a Sovereign Asset and Liability Management (SALM) framework in debt management from selected country practices and draws lessons that are relevant for and transferable to developing countries. The paper argues that a stepwise approach would be useful for adopting a SALM framework in developing
countries, as there are plentiful practical obstacles in implementing a straight forward model-based, policy oriented balance sheet approach in those economies. Initially, priority balance sheet areas should be

identified and assessed in a conceptual balance sheet framework, both from a vulnerability and management perspective. A good starting point in this regard would be considering financial assets such as cash reserves or wealth funds for which DMOs are responsible as well as future assets and liabilities. In a second stage, simplified risk analysis can be applied to elaborate mismatches and determine appropriate hedging options. Finally, in order to address communication and governance challenges among government institutions, establishing new structures, i.e. certain departments and coordinating committees, are recommended.

## Risk Management Models

### Risk Management Optimization for Sovereign Debt Restructuring (2014)

Consiglio Andrea - University of Palermo; Zenios Stavros A. - University of Cyprus

**Abstract:** Debt restructuring is gaining acceptance as a policy tool for resolving sovereign debt crises. In this paper the authors propose a scenario analysis for debt sustainability and integrate it with scenario optimization for the risk management of re-profiling sovereign debt. The scenario dynamics of debt are used to define a risk metric -- conditional Debt-at-Risk -- for the tail of debt-to-GDP ratios, and a multi-period stochastic programming model optimizes the expected cost of financing a debt structure, subject to limits on the risk. The model handles important technical aspects of debt restructuring: it collects all debt issues in a common framework, and can include embedded options and contingent claims, multiple currencies and step-up or linked contractual features. Alternative debt profiles are then analyzed for their cost vs risk tradeoffs. With a suitable re-calculation of the efficient frontier, debt sustainability of a given debt profile can then be ascertained. The model is applied to two stylized examples drawn from an IMF publication and from the Cyprus debt crisis.

### Spillover Dynamics for Systemic Risk Measurement Using Spatial Financial Time Series Models (2014)

Blasques Francisco - VU University Amsterdam; Koopman Siem Jan - VU University Amsterdam; Lucas Andre - VU University Amsterdam; Schaumburg Julia - VU University Amsterdam

**Abstract:** In this paper the authors introduce a new model for time-varying spatial dependence. The model extends the well-known static spatial lag model. All parameters can be estimated conveniently by maximum likelihood. The authors establish the theoretical properties of the model and show that the maximum likelihood estimator for the static parameters is consistent and asymptotically normal. The authors also study the information theoretic optimality of the updating steps for the time-varying spatial dependence parameter. The authors adopt the model to empirically investigate the spatial dependence between eight European sovereign CDS spreads over the period 2009-2014, which includes the European sovereign debt crisis. The authors construct our spatial weight matrix using cross-border lending data and include country-specific and Europe-wide risk factors as controls. The authors find a high, time-varying degree of spatial spillovers in the sovereign CDS spread data. There is a downturn in spatial dependence after the first half of 2012, which is consistent with policy measures taken by the European Central Bank. The findings are robust to a wide range of alternative model specifications.

### Market perception of sovereign credit risk in the euro area during the financial crisis (2014)

Camba-Méndez Gonzalo - European Central Bank; Serwa Dobromił - National Bank of Poland

**Abstract:** In this the authors study market perception of sovereign credit risk in the euro area during the financial crisis. In our analysis the authors use a parsimonious CDS pricing model to estimate the probability of default (PD) and the loss given default (LGD) as perceived by financial markets. The authors find that separate identification of PD and LGD appears empirically tractable for a number of euro area countries. In our empirical results the estimated LGDs perceived by financial markets stay comfortably below 40% in most of the samples. The authors also find that macroeconomic and institutional developments were only weakly correlated with the market perception of sovereign credit risk, whereas financial contagion appears to have exerted a non-negligible effect.

### Banks, Government Bonds, and Default: What do the Data Say? (2014)

Gennaioli Nicola - Bocconi University; Martin Alberto – CREI; Rossi Stefano - Purdue University

**Abstract:** In this paper the authors analyze holdings of public bonds by over 20,000 banks in 191 countries, and the role of these bonds in 20 sovereign defaults over 1998-2012. Banks hold many public bonds (on average 9% of their assets), particularly in less financially-developed countries. During sovereign defaults, banks increase their exposure to public bonds, especially large banks and when expected bond returns are high. At the bank level, bond holdings correlate negatively with subsequent lending during sovereign defaults. This correlation is mostly due to bonds acquired in pre-default years. These findings shed light on alternative theories of the sovereign default-banking crisis nexus.

### Foundations of the standardised approach for measuring counterparty credit risk exposures (2014)

BIS - Basel Committee on Banking Supervision

**Abstract:** This technical paper explains modelling assumptions that were used in developing the standardised approach for measuring counterparty credit risk exposures (SA-CCR). The paper also clarifies certain aspects of the SA-CCR calibration that are not discussed in the final standard that was published in March 2014 (revised April 2014).1 The language used to describe the SA-CCR in this paper may differ somewhat from the language used in the final standard. For example, the paper uses concepts that are not present in the final standard such as trade-level add-ons and single-factor subsets of hedging sets. Furthermore, it does not use the concept of effective notional, which is employed in the standard. The purpose of these adaptations is to emphasise the common aggregation framework that underpins the SA-CCR add-on formulas for different asset classes.

## Institutional Arrangements for Debt Management

### Lessons for Scotland from Greece's Euro Tragedy (2014)

Tripp Lisa - Atlanta's John Marshall Law School

**Abstract:** Scotland will soon decide whether to remain part of the U.K. or become an independent nation. Should Scotland choose independence, it may try to join a formal currency union with the U.K. or the E.U. This article focuses on the risks small nations can face in a currency union, as told through the prism of Greece's experience in the Eurozone. Since the world financial crisis hit Europe, Greece has become the worst case scenario for small countries in a currency union. The austerity conditions the Troika requires in exchange for hundreds of billions in loans have caused a depression and unemployment crisis of historic magnitude in Greece, without reducing its debt. Greece would almost certainly be better off defaulting on its debt, but cannot do so in an orderly fashion because default would certainly mean a calamitous expulsion from the E.U. Greece is also something akin to a zombie democracy. All of the important decisions are effectively made by the Troika who have no electoral accountability to the Greek people. Joining a currency union always entails some loss of sovereignty and the benefits can certainly outweigh the risks. However, Greece shows that important aspects of national self-determination like tax policy, spending, interest rates, unemployment targets, pensions, work rules, etc., can be compromised if a country gives up its currency and is hit by financial calamity. These types of risks – ones that go to a newly independent country's ability to function as a democratic state – are important risks to consider if Scotland chooses independence and chooses to join a currency union.

### A Viable Insolvency Procedure for Sovereigns (VIPS) in the Euro Area (2014)

Fuest Clemens - ZEW Mannheim; Heinemann Friedrich - ZEW Mannheim; Schröder Christoph - ZEW Mannheim

**Abstract:** A mechanism to restructure the debt of an insolvent euro country is a missing element in the emerging institutional architecture of the euro area. The introduction of an insolvency procedure for sovereigns faces a dilemma: In the foreseeable future, its introduction would risk pushing Europe back into acute crisis. But the indefinite postponement of reform would impair the credibility of a future regime change. Against this background, this paper reviews arguments and existing blueprints for sovereign insolvency procedures in the euro area and develops a "Viable Insolvency Procedure for Sovereigns" (VIPS). VIPS avoids any sudden measures which could destabilize the present fragile situation but carefully designs an irreversible transition towards the new regime. The VIPS proposal comprises two pillars: An insolvency procedure for the long run and a credible bridge towards that system.

## Institutional Framework

### Do Markets Reward Constitutional Reform? Lessons from America's State Debt Crisis (2014)

Beach Brian - University of Pittsburgh

**Abstract:** America's 1840s state debt crisis presents a unique opportunity to identify whether institutional constraints lower borrowing costs. After nine states defaulted, sixteen states adopted constitutional provisions promoting credibility. Only states that defaulted during the crisis were rewarded with lower borrowing costs and increased access to credit following reform. This cannot be explained by underlying trends or differences in the content of the reforms. Non-defaulting states, which had established commitment by avoiding default, were not rewarded because reform did not convey new information. These results indicate that sovereigns with tarnished reputations can benefit from adopting constitutional constraints to convey commitment.

## Coordination with other Policies and Operations

### Capital Flows, Financial Intermediation and Macroprudential Policies (2014)

Ghilardi Matteo F. - International Monetary Fund; Peiris Shanaka J. - International Monetary Fund

**Summary:** This paper looks at the empirical record whether big infrastructure and public capital drives have succeeded in accelerating economic growth in low-income countries. It looks at big long-lasting drives in public capital spending, as these were arguably clear and exogenous policy decisions. On average the evidence shows only a weak positive association between investment spending and growth and only in the same year, as lagged impacts are not significant. Furthermore, there is little evidence of long term positive impacts. Some individual countries may be exceptions to this general result, as for example Ethiopia in recent years, as high public investment has coincided with high GDP growth, but it is probably too early to draw definitive conclusions. The fact that the positive association is largely instantaneous argues for the importance of either reverse causality, as capital spending tends to be cut in slumps and increased in booms, or Keynesian demand effects, as spending boosts output in the short run. It argues against the importance of long term productivity effects, as these are triggered by the completed investments (which take several years) and not by the mere spending on the investments. In fact a slump in growth rather than a boom has followed many public capital drives of the past. Case studies indicate that public investment drives tend eventually to be financed by borrowing and have been plagued by poor analytics at the time investment projects were chosen, incentive problems and interest-group-infested investment choices. These observations suggest that the current public investment drives will be more likely to succeed if governments do not behave as in the past, and instead take analytical issues seriously and safeguard their decision process against interests that distort public investment decisions.

### Identifying excessive credit growth and leverage (2014)

Alessi Lucia - European Central Bank; Detken Carsten - European Central Bank

**Summary:** This paper aims at providing policymakers with a set of early warning indicators helpful in guiding decisions on when to activate macro prudential tools targeting excessive credit growth and leverage. To robustly select the key indicators the authors apply the "Random Forest" method, which bootstraps and aggregates a multitude of decision trees. On these identified key indicators the authors grow a binary classification tree which derives the associated optimal early warning thresholds. By using credit to GDP gaps, credit to GDP ratios and credit growth rates, as well as real estate variables in addition to a set of other conditioning variables, the model is designed to not only predict banking crises, but also to give an indication on which macro-prudential policy instrument would be best suited to address specific vulnerabilities.

### Macro-Prudential Policies to Mitigate Financial System Vulnerabilities (2014)

Claessens Stijn - International Monetary Fund; Ghosh Swati R. - World Bank; Mihet Roxana - University of Oxford

**Summary:** Macro-prudential policies aimed at mitigating systemic financial risks have become part of the policy toolkit in many emerging markets and some advanced countries. Their effectiveness and efficacy are not well-known, however. Using panel data regressions, the authors analyze how changes in balance sheets of some 2,800 banks in 48 countries over 2000–2010 respond to specific macro-prudential policies. Controlling for endogeneity, the authors find that measures aimed at borrowers––caps on debt-to-income and loan-to-value ratios––and at financial institutions––limits on credit growth and foreign currency lending––are effective in reducing asset growth. Countercyclical buffers are little effective through the cycle, and some measures are even counterproductive during downswings, serving to aggravate declines, consistent with the ex-ante nature of macro-prudential tools.

### International Bailouts: Why Did Banks' Collective Bet Lead Europe to Rescue Greece? (2014)

Mengus Eric - Banque de France

**Abstract:** In this paper, I use a two-country model to investigate the incentives which lead one country to take charge of another country's debt. I show that, when direct transfers to residents cannot be perfectly targeted, the first country can be better off honoring the second country's liabilities, even if this means paying off foreign creditors. Anticipating the ex post rescue, private agents engage in a collective bet on the foreign country's debt, leading to the emergence of a self-fulfilling implicit guarantees in equilibrium. In response to the resulting inefficient outcome, the optimal policy for the rescuing country's government is to restrict domestic exposures to foreign debt ex ante, for example, through a tax on capital outflows. Finally, I argue that these findings can shed light on the European sovereign debt crisis, the interventions of the IMF, the 1790 US federal bailout of states and on the 2008 US financial crisis.

## Networked Default: Public Debt, Trade Embeddedness, and Partisan Survival in Democracies Since 1870 (2014)

Chwieroth Jeffrey M. - London School of Economics & Political Science; Simpson Cohen R. - London School of Economics & Political Science; Walter Andrew - University of Melbourne

**Abstract:** Sovereign default is often associated with the downfall of incumbent governments in democratic politics. Existing scholarship directs attention to the relationship between default and domestic politics and institutions rather than the broader international environment wherein repayment and default take place. The authors explore the possibility that the impact of a country's decision to default on partisan survival will also be shaped by the prevalence of default amongst its peers in its local network. Illustrating this line of reasoning with international trade, our results support the argument that given networked default, voters see national default as a lost strategic opportunity to elevate a country's reputation and are more inclined to punish incumbent regimes who fail to repay. These results are inconsistent with an alternative possibility - that networked default might contribute to the decay of a repayment norm and thus provide a justifiable "excuse" for default at home. Furthermore, our results are robust to alternative measures of regime governance and entropy balancing in light of systematic differences between defaulting and non-defaulting regimes. Overall, our findings point to the political interdependence of default and repayment and the need for political scientists to take greater account of network effects in analyzing the consequences of economic misbehavior.

## Sovereign Debt Crises (2014)

Correa Ricardo - Board of Governors of the Federal Reserve System; Sapriza Horacio - Board of Governors of the Federal Reserve System

**Abstract:** Sovereign debt crises have been recurrent events over the past two centuries. In recent years, the timing of sovereign crises has coincided or has directly followed banking crises. The link between sovereigns and banks tightened as the contingent liability that the banking sector represents for the sovereign grew, as financial "safety nets" became more common. This chapter analyzes the transmission channels between sovereigns and banks, with a focus on the effect of sovereign distress on bank solvency and financing. It then highlights the notable cost to the real economy of the close connection between sovereigns and banks. Breaking the "feedback loop" between these two sectors should be an important policy priority.

## On the Credibility of Inflation Targeting Regimes in Latin America (2014)

Mariscal Rodrigo - International Monetary Fund; Powell Andrew - Inter-American Development Bank; Tavella Pilar - Harvard University

**Abstract:** Inflation targeting has been adopted in a set of emerging economies, including eight countries in Latin America. The success of this regime may depend critically on the credibility of the target and the expectation that the authorities will take appropriate actions if the target is breached. This paper exploits a database of inflation expectations and attempts to measure whether, for a set of inflation targets in Latin America, expectations are well anchored. A tighter anchoring of expectations is interpreted as a gain in credibility. Also considered are the effects on the credibility of the regime if the inflation target is breached. The results indicate that while inflation expectations have not been fully anchored over the whole sample period, credibility has risen, but at the same time the cost of breaching the target has grown.

## 2014 Pre-Accession Economic Programmes of the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey. The Commission's overview and country assessments (2014)

European Commission - European Commission

**Summary:** The document contains the Commission's assessments of the 2014 Pre-Accession Economic Programmes of the following candidate countries: the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey. The annual submission and assessment of PEPs is part of the economic and fiscal surveillance procedure for countries seeking to join the EU. It aims to prepare candidate countries for participation in the EU's multilateral surveillance and economic policy coordination procedures and plays a valuable role in helping candidate countries to develop their institutional and analytical capacities. The PEPs present a medium-term policy framework, including public finance objectives and structural reform priorities.

# Monetary Policy

## The transmission of unconventional monetary policy to the emerging markets (2014)

BIS Papers Monetary and Economic Department – BIS

**Abstract:** Highly accommodative monetary policies in the major advanced economies and the questions about the exit from such policies have created major challenges for policymakers in emerging market economies (EMEs). Quite a few of EMEs that experienced rapid capital inflows and strong currency

appreciation pressures during 2010-12 saw a sharp reversal in episodes of market volatility from May 2013 to February 2014. This meeting of Deputy Governors focused on three main questions: (i) How can external monetary conditions become a source of risks to monetary and financial stability in EMEs? (ii) How should central banks respond to such shocks? (iii) And, can there be a greater international role for emerging market currencies? A key conclusion from the discussion is that asset prices and interest rates have become more correlated globally during the period of unprecedented monetary easing by advanced economies. One major worry was the risk of an abrupt reversal of capital inflows to EMEs. Central banks face difficult policy dilemmas in preserving financial stability while pursuing their monetary policy goals. It is hard for EME monetary authorities to counter a prolonged period of very low long-term interest rates and increased risk-taking in global financial markets.

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**Liquidity Trap and Excessive Leverage (2014)**

Korinek Anton - John Hopkins University; Simsek Alp - Massachusetts Institute of Technology

**Abstract:** The authors investigate the role of macroprudential policies in mitigating liquidity traps driven by deleveraging, using a simple Keynesian model. When constrained agents engage in deleveraging, the interest rate needs to fall to induce unconstrained agents to pick up the decline in aggregate demand. However, if the fall in the interest rate is limited by the zero lower bound, aggregate demand is insufficient and the economy enters a liquidity trap. In such an environment, agents' exante leverage and insurance decisions are associated with aggregate demand externalities. The competitive equilibrium allocation is constrained inefficient. Welfare can be improved by ex-ante macroprudential policies such as debt limits and mandatory insurance requirements. The size of the required intervention depends on the differences in marginal propensity to consume between borrowers and lenders during the deleveraging episode. In our model, contractionary monetary policy is inferior to macroprudential policy in addressing excessive leverage, and it can even have the unintended consequence of increasing leverage.

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**The financial and macroeconomic effects of OMT announcements (2014)**

Altavilla Carlo - European Central Bank; Giannone Domenico - Università LUISS, Roma; Lenza Michele - European Central Bank

**Abstract:** This study evaluates the macroeconomic effects of Outright Monetary Transaction (OMT) announcements by the European Central Bank (ECB). Using high-frequency data, the authors find that OMT announcements decreased the Italian and Spanish 2-year government bond yields by about 2 percentage points, while leaving unchanged the bond yields of the same maturity in Germany and France. These results are used to calibrate a scenario in a multi-country model describing the macro financial linkages in France, Germany, Italy, and Spain. The scenario analysis suggests that the reduction in bond yields due to OMT announcements is associated with a significant increase in real activity, credit, and prices in Italy and Spain with relatively muted spillovers in France and Germany.

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**Monetary Policy Surprises, Credit Costs and Economic Activity (2014)**

Gertler Mark - New York University; Karadi Peter - European Central Bank

**Abstract:** They provide evidence on the nature of the monetary transmission mechanism. To identify policy shocks in a setting with both economic and financial variables, the authors combine traditional monetary vector autoregression (VAR) analysis with high frequency identification (HFI) of monetary policy shocks. The authors first show that the shocks identified using HFI surprises as external instruments produce responses in output and inflation consistent with both textbook theory and conventional monetary VAR analysis. The authors also find, however, that monetary policy surprises typically produce "modest movements" in short rates that lead to "large" movements in credit costs and economic activity. The large movements in credit costs are mainly due to the reaction of both term premia and credit spreads that are typically absent from the standard model of monetary policy transmission. Finally, the authors show that forward guidance is important to the overall strength of the transmission mechanism.

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**Effects of Unconventional Monetary Policy on Financial Institutions (2014)**

Chodorow-Reich Gabriel - Harvard University

**Abstract:** Monetary policy affects the real economy in part through its effects on financial institutions. High frequency event studies show the introduction of unconventional monetary policy in the winter of 2008-09 had a strong, beneficial impact on banks and especially on life insurance companies. I interpret the positive effects on life insurers as expansionary policy recapitalizing the sector by raising the value of legacy assets. Expansionary policy had small positive or neutral effects on banks and life insurers through 2013. The interaction of low nominal interest rates and administrative costs forced money market funds to waive fees, producing a possible incentive to reach for yield to reduce waivers. I show money market funds with higher costs reached for higher returns in 2009-11, but not thereafter. Some private defined benefit pension

funds increased their risk taking beginning in 2009, but again such behavior largely dissipated by 2012. In sum, unconventional monetary policy helped to stabilize some sectors and provoked modest additional risk taking in others. I do not find evidence that the financial institutions studied formented a tradeoff between expansionary policy and financial stability at the end of 2013.

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**The Federal Reserve Engages the World (1970-2000): An Insider's Narrative of the Transition to Managed Floating and Financial Turbulence (2014)**

Truman Edwin M. - Peterson Institute for International Economics

**Abstract:** This paper traces the evolution of the Federal Reserve and its engagement with the global economy over the last three decades of the 20th century: 1970 to 2000. The paper examines the Federal Reserve's role in international economic and financial policy and analysis covering four areas: the emergence and taming of the great inflation, developments in US external accounts, foreign exchange analysis and activities, and external financial crises. It concludes that during this period the US central bank emerged to become the closest the world has to a global central bank.

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## Fiscal Policy and Budget Management

**Forecasting Bank Rescue Costs and Debt Sustainability (2014)**

Guerry Nicolas - University of Fribourg; Kinsella Stephen - University of Limerick; McCarthy Colm - University College Dublin

**Abstract:** Traditional approaches use balance sheet assessment to forecast bank rescue costs and often underestimate real costs. Thus, governments commit to bailouts without credible forecasts of costs, which can lead to serious fiscal issues. The authors propose a new approach based on distributional information from past banking crises than can correct for problems faced by traditional approaches. The authors also derive a basic but very informative model of debt sustainability incorporating various macroeconomic factors. Used in conjunction with our forecasting approach, it sets an upper limit to the ability of governments to shoulder banking bailouts. Our results show that rescuing banks in the absence of hard information on the quality of their balance sheets involves high tail risks through potentially high fiscal costs.

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**Optimal mechanisms for the control of fiscal deficits (2014)**

Grüner Hans Peter - University of Mannheim

**Abstract:** This paper shows that a simple two-stage voting mechanism may implement a constrained optimal state dependent decision about a fiscal deficit. I considera setup with strategic fiscal deficits à la Tabellini and Alesina (1990). Three groups of voters are informed about the productivity of current public spending. Voters differ in their preferences for public goods and swing voters' preferences may change over time. The current government decides on the current spending mix and it has an incentive to strategically overspend. Under certain conditions, a simple two-stage mechanism in which a deficit requires the approval by a supermajority in parliament implements a constrained optimal decision. When the cur- rent majority is small, bargaining between political parties may further increase social welfare. However, when the current majority is large, a supermajority mechanism with bargaining leads to a biased spending mix and reduces welfare whereas the laissez faire mechanism may yield the first best. An appropriately adjusted majority threshold can deal with this problem.

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**The growth impact of discretionary fiscal policy measures (2014)**

Attinasi Maria Grazia - European Central Bank; Klemm Alexander - International Monetary Fund

**Abstract:** This paper looks at the impact of discretionary fiscal policy on economic growth for a sample of 18 EU countries over the period 1998-2011. The main novelty of this paper is the use, on the revenue side, of a dataset of fiscal measures based on the yield of actual legislative and budgetary measures, rather than approximations, such as changes in cyclically-adjusted variables. Using static and dynamic panel data techniques, the authors find that fiscal consolidation can be a drag on economic growth in the short-term, although some specific budget categories are not found to be statistically significant. In general, the results also indicate that expenditure based adjustment tends to be less harmful than revenue-based adjustment. Among expenditure cuts, reductions in government investment and consumption are found to be growth reducing. Among revenues, indirect tax increases are found to have a particularly strong negative impact. Dynamic specifications suggest that consolidation reduces growth mainly in the year of fiscal adjustment, while future growth rates are affected only through the usual time persistence. Nonlinear specifications indicate that spreading out consolidation reduces the negative impact on growth, but only very slightly and in the absence of financial market pressures and/or fiscal sustainability considerations. Additionally, front-loading fiscal consolidation appears to be less

detrimental for growth when it is based on expenditure cuts rather than tax increases.

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### Signalling fiscal stress in the euro area - a country-specific early warning system (2014)

Hernández de Cos Pablo - Bank of Spain; Koester Gerrit B. - European Central Bank; Moral-Benito Enrique - Bank of Spain; Nickel Christiane - European Central Bank

**Abstract:** The sovereign debt crisis in the euro area has increased the interest in early warning indicators, with the aim to indicate the build-up of fiscal stress early on and to facilitate crisis prevention by a timely counteraction of fiscal and macroeconomic policies. This paper presents possible improvements to enhance existing early warning indicators for fiscal stress, especially for the euro area. The authors show that a country-specific approach could strongly increase the signaling power of early warning systems. Finally the authors draw policy conclusions for the setting-up and application of a system of early warning indicators for fiscal stress.

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### The Economic Adjustment Programme for Cyprus (2014)

European Commission - European Commission

**Abstract:** Staff teams from the European Commission (EC), European Central Bank (ECB), and the International Monetary Fund (IMF) visited Nicosia from 6 May to 17 May 2014 for the fourth review of Cyprus' economic adjustment programme, which is supported by financial assistance from the European Stability Mechanism (ESM) and the IMF. The objectives of Cyprus' programme are to restore financial sector stability, strengthen public finance sustainability, and adopt structural reforms so as to support sustainable and balanced long-run growth.[...]

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### Post-Programme Surveillance for Ireland (2014)

European Commission - European Commission

**Abstract:** This paper discusses the main findings of the first post-programme surveillance (PPS) review for Ireland. Staff from the European Commission (EC), in liaison with the European Central Bank (ECB), undertook the first PPS review for Ireland from 29 April to 2 May 2014. The mission was coordinated with the IMF's post-programme monitoring mission. The report gives an overview of the main findings of the mission and of the challenges faced by Ireland.[...]

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### Modeling Appropriate Fiscal Targets and Optimal Consolidation Paths for Resource-Rich Countries: The Case of Suriname (2014)

Kanda Daniel - International Monetary Fund; Mansilla Mario - International Monetary Fund

**Abstract:** This paper first attempts to quantify the natural resource wealth of Suriname from the perspective of its impact on the fiscal position, and then assesses the fiscal sustainability gap in that context. It then presents models to address the question of the optimal path of fiscal consolidation given the outlook for natural resource wealth, macroeconomic conditions, and country authority preferences.

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### Fiscal Rules and the Procyclicality of Fiscal Policy in the Developing World (2014)

Bova Elva - International Monetary Fund; Carcenac Nathalie - International Monetary Fund; Guerguil Martine - International Monetary Fund

**Abstract:** This paper documents the spread of fiscal rules in the developing world and investigates the relation between fiscal rules and pro cyclical fiscal policy. The authors find that, since the early 2000s, developing countries outnumbered advanced economies as users of fiscal rules. Rules were adopted either as part of the toolkit to join currency unions or to strengthen fiscal frameworks during and after large stabilization and policy reform episodes. The paper also finds that the greater use of fiscal rules has not shielded these countries from pro cyclicality, since fiscal policy remains pro cyclical following the adoption of a fiscal rule. The authors find partial evidence that some features of “second generation” rules, such as the use of cyclically-adjusted targets, well-defined escape clauses, together with stronger legal and enforcement arrangements, may be associated with less pro cyclicality.

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### Fiscal Sustainability of the German Laender - Time Series Evidence (2014)

Burret Heiko T. - Walter Eucken Institute, Goethestr
Feld Lars P. - Walter Eucken Institute, Goethestr
Köhler Ekkehard A. - Walter Eucken Institute, Goethestr

**Abstract:** In this paper the authors analyze the sustainability of public finances in the states (Laender) of the Federal Republic of Germany using an unprecedentedly comprehensive fiscal dataset for the time period from 1950 to 2011 for West German Laender and 1991 to 2011 for East German Laender, respectively. In order to assess the fiscal sustainability of the (Laender) the authors, first, examine the stationarity characteristics of public debt, revenues and expenditures. Second, the

authors explore the long□]run relation between expenditures and revenues in a co integration analysis within each Land. The results provide evidence against strict fiscal sustainability in most of the 16 German Laender. A notable exception to this finding is Bavaria.

**Spain – Post Programme Surveillance (2014)**

European Commission - European Commission

**Abstract:** The report finds that the positive trends of policy progress, ongoing economic adjustment and diminishing financial stress that formed the basis for Spain's program exit have continued, although important challenges to sustained economic and employment growth, public finances and the banking sector still remain. This assessment is consistent with the conclusions of the Commission's 2014 in-depth review under the macroeconomic imbalances procedure that vulnerabilities are still present and continue requiring specific monitoring and decisive policy action.

**Public Spending Reviews: design, conduct, implementation (2014)**

Vandierendonck Caroline - European Commission

**Abstract:** Public expenditure accounts for almost half of the annual wealth created in the EU (49.0% of GDP in 2013 1). A major policy lesson stemming from the crisis is the need to enhance expenditure performance, which can be defined as the reinforced connection between funding decisions and policy priorities (shall this policy be funded with public money?) and subsequently between funding levels and results delivered to end-users (what is the value for public money?). Spending reviews appear as an adequate instrument of expenditure performance. They consist in seeking a 'smarter' expenditure allocation across national policy priorities based on a selective and sustainable expenditure-based consolidation. This paper proposes to highlight the main features and key success factors of the design, conduct and implementation of spending reviews, based on the experiences of EU Member States.

**Fiscal devaluation in the euro area: a model-based analysis (2014)**

Gomes Sandra - Bank of Portugal; Jacquinot Pascal - European Central Bank; Pisani Massimiliano - Bank of Italy

**Abstract:** In this paper the authors assess the effects on trade balance of a temporary fiscal devaluation enacted by Spain or Portugal by simulating EAGLE, a large-scale multi-country dynamic general equilibrium model of the euro area. Social contributions paid by firms are reduced by 1 percent of GDP for four years and are financed by increasing consumption tax. Our main results are the following. First, the Spanish trade balance improves by 0.5 percent of GDP, the (before-consumption tax) real exchange rate depreciates by 0.7 percent and the terms of trade deteriorate by 1 percent. Second, similar results are obtained in the case of Portugal. Third, the trade balance improves when the fiscal devaluation is enacted also in the rest of the euro area, albeit to a lower extent than in the case of unilateral (country-specific) implementation. Fourth, quantitative results crucially depend on the degree of substitutability between domestic and imported tradables.

**Evaluating Fiscal Policy - A Rule of Thumb (2014)**

Carnot Nicolas - European Commission

**Abstract:** This paper introduces a simple rule for appraising the economic soundness of fiscal policies. It connects fiscal policy to a long-run debt objective, taken as an anchor, while arbitraging symmetrically between this debt objective and output stabilization. The rule offers a benchmark to assess the evolution of primary expenditure, net of the impact of discretionary revenue measures, taken as a proper operational target for annual fiscal policy. The properties and implications of this rule of thumb are analyzed drawing on qualitative arguments and retrospective simulations

**The effects of government spending in a small open economy within a monetary union (2014)**

Clancy Daragh - Central Bank of Ireland; Jacquinot Pascal - European Central Bank; Lozej Matija - Bank of Slovenia

**Abstract:** Small open economies within a monetary union have a limited range of stabilization tools, as area-wide nominal interest and exchange rates do not respond to country-specific shocks. Such limitations imply that imbalances can be difficult to resolve. The authors assess the role that government spending can play in mitigating this issue using a global DSGE model, with an extensive fiscal sector allowing for a rich set of transmission channels. The authors find that complementarities between government and private consumption can substantially increase spending multipliers. Government investment, by raising productive public capital, improves external competitiveness and counteracts external imbalances. An ex-ante budget-neutral switch of government expenditure towards investment has beneficial effects in the medium run, while short-run effects depend on the degree of co-movement between private and government consumption. Finally, spillovers from a

fiscal stimulus in one region of a monetary union depend on trade linkages and can be sizeable.

## Subnational Bond Markets

### Building Bond Repayment Capacity in Developing Countries: A Study on Property Tax Collections and Debt Affordability in Mexico (2014)

Espinosa Salvador - San Diego State University; Martell Christine R. - University of Colorado at Denver

**Abstract:** When properly structured, subnational bonds can become an excellent tool for infrastructure financing. A common concern when referring to developing nations, however, is the lack of an adequate bond repayment capacity. This article uses a multinomial regression model to analyze the bond repayment capacity of issuers of municipal bonds in Mexico. The study emphasizes the role that property and land-based taxes have in the enhancement of repayment capacity, as these are highly underutilized levies with important revenue raising potential. The findings show that in spite of this, there is no statistically significant link between such taxes, and the chosen proxy for repayment capacity. The authors consider this to follow from an institutional and legal framework that creates an artificial environment of fiscal solvency. The Mexican case is instructive on how not to create a subnational bond market.

### On the China's Local Government Debt Risk (2013)

Yu Qiao - Tsinghua University; Fan Wei - Tsinghua University

**Abstract:** This paper, the formation, scale and constitution of China's local government debt are discussed. The status of various assets available for repayment is thoroughly analyzed, including fiscal revenue, government fund revenue, state-owned enterprise profit, state-owned enterprise net assets, state-owned non-operating assets and resource assets. The conclusion is that local governments have a low risk of insolvency; however, due to the mismatching of assets and liabilities, which comes from the low efficiency of investing, there is a certain risk concerning liquidity and payment indeed. The root cause as well as solutions and management of local government debt are also studied, such as, improving the transparency of local debt, implementing of quantitative debt indicators, and establishing the relevant laws to control debt quota. Local government debt risk can be countered by assets securitization, "sell and rent", public-private partnerships (PPP), etc.

## Contingent Liabilities

### Implicit Government Guarantees in European Financial Institutions (2014)

Zhao Lei - University of Reading

**Abstract:** In this paper the authors exploit the price differential of CDS contracts written on debts with different seniority to measure the implicit government guarantees enjoyed by European financial institutions over the period 2005-2013. The authors find that the guarantee increases substantially during the global subprime crisis and peaks at an average of 89 basis points in September 2011, during the European sovereign debt crisis. Implicit support is higher for banks than insurance companies. Our analysis suggests that Eurozone financial firms benefit more from implicit guarantees than their non-Eurozone counterparts within the European Union. The authors observe that the aggregate guarantee implicitly offered by a government positively “Granger causes” the sovereign’s default risk. Further, our analysis reveals two offsetting effects from sovereign default risk on implicit guarantee. The authors also find evidence that the phasing in of Basel III rules does not appear to have reduced the implicit guarantees available to major financial institutions in Europe.

## Public Debt in Macroeconomic Analysis

### Contagion of the Eurozone Debt Crisis (2014)

Samarakoon Lalith P. - University of St. Thomas

**Abstract:** This paper examines the contagion of the euro zone debt crisis to developed and emerging stock markets around the world. Using the VAR methodology, and changes in sovereign bond yields and stock returns of the crisis countries as proxies for the euro zone debt crisis, this paper finds strong and pervasive evidence of negative contagion from the crisis countries to other stock markets. Consistent with risk-on risk-off hypothesis, changes in sovereign bond yields of crisis countries impact stock returns positively during normal times and negatively during the crisis, providing strong evidence of negative contagion. The impact of equity returns of crisis countries on other equity markets is large and positive during normal times and less positive during the crisis, suggesting evidence of negative contagion and decoupling of stock markets during the crisis. The Asian markets do not show pervasive evidence of contagion from the euro zone crisis.

## [Sovereign Risk, Interbank Freezes, and Aggregate Fluctuations](#) (2014)

Engler Philipp - Freie Universität Berlin; Steffen Christoph Große - German Institute for Economic Research (DIW Berlin)

**Abstract:** This paper studies the bank-sovereign link in a dynamic stochastic general equilibrium set-up with strategic default on public debt. Heterogeneous banks give rise to an interbank market where government bonds are used as collateral. A default penalty arises from a breakdown of interbank intermediation that induces a credit crunch. Government borrowing under limited commitment is costly ex ante as bank funding conditions tighten when the quality of collateral drops. This lowers the penalty from an interbank freeze and feeds back into default risk. The arising amplification mechanism propagates aggregate shocks to the macro economy. The model is calibrated using Spanish data and is capable of reproducing key business cycle statistics alongside stylized facts during the European sovereign debt crisis.

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## Financial stress and economic dynamics: the transmission of crises (2014)

Hubrich Kirstin - European Central Bank; Tetlow Robert J. - Federal Reserve Board

**Abstract:** A financial stress index for the United States is introduced. an index that was used in real time by the staff of the Federal Reserve Board to monitor the financial crisis of 2008-9. And the interaction with real activity, inflation and monetary policy is demonstrated using a richly parameterized Markov-switching VAR model, estimated using Bayesian methods. A "stress event" is defined as a period where the latent Markov states for both shock variances and model coefficients are adverse. Results show that allowing for time variation is economically and statistically important, with solid (quasi) real-time properties. Stress events line up well with financial events in history. A shift to a stress event is highly detrimental to the outlook for the real economy, and conventional monetary policy is relatively weak during such periods.

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## Public Investment as an Engine of Growth (2014)

Warner Andrew M. - International Monetary Fund

**Abstract:** This paper looks at the empirical record whether big infrastructure and public capital drives have succeeded in accelerating economic growth in low-income countries. It looks at big long-lasting drives in public capital spending, as these were arguably clear and exogenous policy decisions. On average the evidence shows only a weak positive association between investment spending and growth and only in the same year, as lagged impacts are not significant. Furthermore, there is little evidence of long term positive impacts. Some individual countries may be exceptions to this general result, as for example Ethiopia in recent years, as high public investment has coincided with high GDP growth, but it is probably too early to draw definitive conclusions. The fact that the positive association is largely instantaneous argues for the importance of either reverse causality, as capital spending tends to be cut in slumps and increased in booms, or Keynesian demand effects, as spending boosts output in the short run. It argues against the importance of long term productivity effects, as these are triggered by the completed investments (which take several years) and not by the mere spending on the investments. In fact a slump in growth rather than a boom has followed many public capital drives of the past. Case studies indicate that public investment drives tend eventually to be financed by borrowing and have been plagued by poor analytics at the time investment projects were chosen, incentive problems and interest-group-infested investment choices. These observations suggest that the current public investment drives will be more likely to succeed if governments do not behave as in the past, and instead take analytical issues seriously and safeguard their decision process against interests that distort public investment decisions.

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## US Long Term Interest Rates and Capital Flows to Emerging Economies (2014)

Olaberria Eduardo - OECD

**Abstract:** Following Chairman Ben Bernanke's comments before Congress that the FOMC may 'take a step down in the pace of asset purchases if economic improvement appears to be sustained', US 10-year interest rates picked up sharply and gross capital flows to emerging market economies (EMEs) reversed. These events raised concerns that further increases in US interest rates could trigger sharp changes of capital flows that would be followed by financial crises in EMEs. To assess this possibility, this paper studies the association between US long term interest rates and cycles of capital flows to EMEs. It finds that, indeed, cycles in capital flows to EMEs are linked to global conditions, including global risk aversion and long term interest rates in the United States. In particular, higher US long term interest rates are associated with lower levels of gross capital flows to EMEs, and to a higher probability of observing sharp reversals in those flows. Episodes of net capital inflows, on the other hand, are mostly associated with domestic macroeconomic conditions. In particular, economies with relatively low levels of gross outflows, with a high ratio of short-term debt to international reserves or with weak domestic fundamentals are more vulnerable to the risk of a classic sudden stop à la Calvo. This Working Paper relates to the OECD Economic Survey of the United States 2014 (www.oecd.org/eco/surveys/economic-survey-unitedstates. htm)

## Historical Evolution of Debt Management

**[Sovereign Debt Composition in Advanced Economies: A Historical Perspective](#) (2014)**

Abbas S. M. Ali - International Monetary Fund; Blattner Laura - Harvard University; De Broeck Mark - International Monetary Fund; El-Ganainy Asmaa - International Monetary Fund; Hu Malin - Cornell University

**Abstract:** In this paper the authors examine how the composition of public debt, broken down by currency, maturity, holder profile and marketability, has responded to major debt accumulation and consolidation episodes during 1900-2011. Covering thirteen advanced economies, we focus on debt structure shifts that occurred around the two World Wars and global economic downturns, and the subsequent debt consolidations. Notwithstanding data gaps, the authors are able to recover some broad common patterns. Episodes of large debt accumulation—essentially, large increases in debt supply— were typically absorbed by increases in short-term, foreign currency-denominated, and banking-system-held debt. However, this pattern did not hold during the debt build-ups starting in the 1980s and 1990s, which were compositionally skewed toward long-term local-currency debt. The authors attribute this change to higher structural demand for sovereign paper, linked to capital account liberalization in advanced economies, the emergence of a large contractual saving sector, and innovative sovereign debt products. With regard to debt consolidations, the authors find support for the financial repression-cum-inflation channel for post World War II debt reductions. However, the scope for a repeat of this strategy appears limited unless financial liberalization and globalization were materially rolled back or the current globally agreed monetary policy regime built around price stability abandoned. Neither are significant favorable structural demand shifts, as witnessed in the 1980s and 1990s, likely.

# Articles in reviews/in books

## Secondary Market

**[Dating business cycle turning points: The Greek economy during 1970-2012 and the recent recession - 31 July 2014](#) (2014)**

Tsouma Ekaterini – Oecd

**Abstract:** This paper establishes a reference chronology for the Greek business cycle from early 1970 to late 2012, against the backdrop of the late 2000s global recession and the most recent domestic economic developments, which once again stress the significance of dating business cycle turning points. The derivation of the exact dates of switches between expansions and recessions allows the identification of the point in time at which the Greek economy entered the recent recessionary business cycle regime in the late 2000s and the verification of the assertion that, up to the end of 2012, it had not yet exited the recession. We rely on both non-parametric and parametric procedures in order to check the coherence among the obtained turning points and evaluate the establishment of a reference chronology. The authors use quarterly GDP data and selected monthly indicators covering important sectors and activities in the Greek economy. On the basis of the obtained exact turning point dates and the indications provided by several business cycle and phases characteristics, the authors are able to propose a reference chronology for Greece and outline stylised facts of the Greek business cycle for a time period of over 40 years. Our findings clearly suggest that the Greek economy entered a recessionary business cycle regime in 2008 which was continued throughout 2012.

# Books

## Core Topics in Debt Management

**Sovereign Debt Management (2014)**
Lastra Rosa - Professor in International Financial and Monetary Law, Centre for Commercial Law Studies (CCLS), Queen Mary, University of London
Buchheit Lee - Partner, Cleary Gottlieb Steen & Hamilton LLP (New York Office)

**Summary:** Sovereign debt is a complex and highly topical area of law and this work represents a new main reference book on the subject bringing together contributions from world leading practitioners, scholars and regulators. Divided into five parts the book opens with a part on restructuring which analyses contractual provisions and the role of institutions such as the International Monetary Fund. The second part, on enforcement, considers the position of a sovereign as a defendant analyzing the availability of special immunities and matters of defense and arbitration pertinent to sovereign debt. Part three of the book is concerned with complicating factors such as economic, political or banking crises and how these relate and complicate the task of addressing an unsustainable sovereign debt stock. In this section the particular and topical issues concerned with restructuring in a monetary union are explained. The fourth part provides economists' explanations of why and how sovereigns borrow and the causes of a sovereign debt, which enriches understanding by providing context to the purely legal aspects of the work. The book closes with a section which covers proposed reform to sovereign debt systems.

## Active Debt Management

**Counterparty Risk Management - Measurement, Pricing and Regulation (2014)**
Canabarro Eduardo - Morgan Stanley; Pykhtin Michael - U.S. Federal Reserve Board

**Summary:** Counterparty risk is a topic which has been elevated to the forefront of the front office, risk management and regulatory agendas following mark-to-market volatility and defaults over the global financial crisis. Universal acknowledgement of credit valuation adjustment (CVA) and debt valuation adjustment as essential components within the fair-value of derivatives and securities financing transactions has reinforced the importance of counterparty risk management across a much broader spectrum of financial services firms.

## Coordination with other Policies and Operations

**HSBC Reserve Management Trends 2014 (2014)**
Pringle Robert - Central Banking; Carver Nick - Central Banking

**Summary:** HSBC Reserve Management Trends 2014 features an exclusive report of a survey of reserve managers in central banks on their reaction to the global financial situation and how they view the key questions facing financial markets and the international monetary system.

**Financial Independence and Accountability for Central Banks (2014)**
Sullivan Kenneth - International Monetary Fund (IMF); Horáková Martina - Central Banking Publications (CBP)

**Summary:** This book addresses the challenges arising from the interaction of changes in financial reporting, policy and independence from a practitioner perspective, offering practical insights into how central banks can present their financial statements and improve accountability

# Web Resources

## Secondary Market

**[FCA finds firms fail to deliver best execution]**
FCA.org.uk
Retail and professional clients are being failed by firms that don't properly apply the rules on best execution when trading on their behalf, according to a review by the Financial Conduct Authority (FCA).

**INFINZ 2014 Annual Report**
Infinz
The chairman and the board are pleased to present the Annual Report of the Institute of Finance Professionals New Zealand Inc, including the financial statements, for the year ended 31 March 2014.

**Economic and Social Survey of Asia and the Pacific 2014**
Unescap.org
The Economic and Social Survey of Asia and the Pacific is the oldest and most comprehensive annual review of economic and social development in Asia and the Pacific. This flagship publication of ESCAP outlines policies to sustain dynamic growth and to make it inclusive such as unlocking fiscal space to finance higher productive government spending and enhancing regional connectivity through stronger institutional coordination across the region.

## Post Trading

**CBIC respond to ESMA Consultation Paper on EMIR Clearing Obligations IRS - 18 August 2014**
ICMA
The CBIC responded to the Consultation Paper launched by the European Securities and Markets Authority (ESMA) on 11 July 2014 on the Clearing Obligation under Regulation (EU) No 648/2012, which outlines the framework of the European Market Infrastructure Regulation (EMIR).

## Developing Domestic Bond Markets

**DMF Newsletter – July 2014**
The World Bank
The DMF Newsletter is published quarterly and is provided to debt management practitioners from developing countries, donors, DMF implementing partners, civil society organizations, and private sector firms. The newsletter aims to share DMF work plans, lessons learned, and news and developments related to debt management.

## Multilateral Debt

**Donations from West mask 'US$60bn looting' of Africa**
Afrodad
WESTERN countries are using aid to Africa as a smokescreen to hide the "sustained looting" of the continent as it loses nearly US$60 billion a year through tax evasion, climate change mitigation, and the flight of profits earned by foreign multinational companies, a group of NGOs has claimed.Although sub-Saharan Africa receives US$134 billion each year in loans, foreign investment and development aid, research released last week by a group of UK and Africa-based NGOs suggests that US$192 billion leaves the region, leaving a US$58 billion shortfall. The report says that while Western countries send about US$30 billion in development aid to Africa every year, more than six times that amount leaves the continent, "mainly to the same countries providing that aid".

**Senegal - Public Financial Management Strengthening Technical Assistance Project : additional financing - restructuring**
The World Bank

The objective of the Additional Financing for the Public Financial Management Strengthening Technical Assistance Project for Senegal is to enhance budget credibility, transparency and accountability mechanisms in the use and management of central government financial resources.

**Debt Sanctions Can Help Ukraine and Fill a Gap in the International Financial System**
Peterson Institute
The escalating crisis in Ukraine has prompted the United States and Europe to impose the toughest economic sanctions against Russia since the end of the Cold War. Continued instability and military conflict in eastern Ukraine are straining Ukrainian finances. Despite a generous international support package, the government faces shrinking revenues, rising costs, and a spike in foreign debt payments over the next two years.

## Legal Issues and Conventions

**Standard Collective Action And Pari Passu Clauses for the Terms and Conditions of Sovereign Notes**
ICMA - August 2014
Following consultations with its members and other public sector and private sector representatives, ICMA has published revised and updated collective action clauses (CACs) and a new standard pari passu clause for inclusion in the terms and conditions of sovereign debt securities. The use of these new terms in sovereign notes is intended to facilitate future sovereign debt restructurings.

**ESMA advises Commission on creditworthiness assessment for sovereign debt**
ESMA – July 2014
The European Securities and Markets Authority issued Technical Advice to the European Commission in Accordance with Article 39(b)2 of the CRA Regulation Regarding the Appropriateness of the Development of a European Creditworthiness Assessment for Sovereign Debt. The advice touches on "the independence of the rating process, the review function of rating methodologies, the confidentiality of all rating sensitive," and the resources needing to ensure rating quality. [...]

**GFMA Weekly Update**
SIFMA.org
Regulatory and Legislative Developments from Across the Globe.

**Financial Markets Regulatory Dialogue Joint Statement**
European Commission
BRUSSELS – On July 8, 2014, participants from the United States (U.S.) and the European Union (EU) held a meeting of their Financial Markets Regulatory Dialogue (FMRD). They met to exchange information on regulatory developments as part of their ongoing dialogue, and discuss their shared interests in continuing to implement and enforce robust standards, including those on the G-20 financial regulatory agenda.[...]

**Legal framework of the Eurosystem and the European System of Central Banks. ECB legal acts and instruments, July 2014 update**
European Central Bank
This ninth legal booklet published by the ECB1 provides summaries of the main legal acts and instruments in the legal framework of the Euro system and the ESCB.[...]

**FSI Survey - Basel II, 2.5 and III Implementation**
BIS
In line with the 2013 approach, the FSI is publishing the results of its 2014 survey by disclosing the information received from 90 non-BCBS/non-EU jurisdictions.[...]

**It takes more than two to tango: Cry, but not for Argentina, nor for the holdouts**
VOX
The US court ruling forcing Argentina to pay its hold-out creditors has big implications. This column argues that some of them are particularly worrying. The court ruling undermines the possibility of negotiated re-structuring of unsustainable debt burdens in future crises. In the future, it will not be not enough for the debtor and 92% of creditors to reach an agreement, if holdouts and a New York judge can block it. This will make both debtors and creditors worse-off.

## Derivatives

**Calculation of counterparty risk by UCITS for OTC financial derivative transactions subject to clearing obligations**

ESMA – discussion paper
This discussion paper distinguishes between different clearing arrangements. For each of those clearing arrangements, ESMA analyses the impact of a default of the clearing member (CM) and the client for the calculation of the counterparty risk by UCITS.

**ESMA defines central clearing of interest rate and credit default swaps**
ESMA
The European Securities and Markets Authority (ESMA) has launched a first round of consultations to prepare for central clearing of OTC derivatives within the European Union. The two consultation papers seek stakeholders' views on draft regulatory technical standards (RTS) for the clearing of Interest Rate Swaps (IRS) and Credit Default Swaps (CDS) that ESMA has to develop under the European Markets Infrastructure Regulation (EMIR).[...]

## Institutional Arrangements for Debt Management

**Countering the Debt Crisis: National Parliaments and EU Economic Governance**
Davor Jancic
While the sovereign debt crisis was ravaging the Eurozone and while the European Council was dominating the decision-making scene, even the most informed onlookers harboured little expectation that this would have a positive impact on the democratisation of the European Union. [...]

**Impartiality and legitimacy of the Debt Workout Mechanism**
UNCTAD
On July 7, 2014 the fourth official meeting of the UNCTAD Working Group on a Debt Workout Mechanism (DWM) was held in New York to discuss the theoretical framework and implementation impact of the principles of legitimacy and impartiality.

## Accounting, Transparency and Accountability

**Statistics Pocket Book, August 2014**
European Central Bank
Statistics Pocket Book is updated monthly and contains the Area Euro Statistical series.[...]

**Government Finance Statistics Guide - August 2014**
European Central Bank
This chapter explains the ways government finance statistics (GFS) are used at the ECB. It also gives a brief overview of the methodological framework for GFS. [...]

**BIS international banking statistics at end-March 2014**
BIS
Highlights from the latest international banking statistics: Between end-December 2013 and end-March 2014, the cross-border claims of BIS reporting banks rose by $580 billion. This marked the first substantial quarterly increase since late 2011. The overall increase was broadly spread across countries and sectors.[...]

**National Accounts of OECD Countries**
OECD - Volume 2014 Issue 2
The National Accounts of OECD Countries, Detailed Tables includes, in addition to main aggregates, final consumption expenditure of households by purpose, simplified accounts for three main sectors: general government, corporations and households.

**Main Economic Indicators**
OECD - Volume 2014 Issue 9
The monthly Main Economic Indicators (MEI) presents comparative statistics that provide an overview of recent international economic developments for the 34 OECD countries, the euro zone and a number of non-member economies.

## DMOs Programmes and Reports

**Uruguay Debt Report**
Debt Management Unit – July 2014

A quarterly report issued by the Debt Management Unit. The Central Government restarts its domestic issuances in local currency to further improve the local debt market in consistent with the Financial Strategy presented in the Annual Budget Law ("Rendición de Cuentas").[...]

**Cyprus Central Government Debt – Quarterly Bulletin: 2nd Quarter 2014**
Cypriot MoF
Public debt management: review of operations, 2nd Quarter 2014.

## Coordination with other policies and operations

**Finance, Credit and Markets**
Shri R. Gandhi
This speech highlights the role of the financial system is to intermediate between lenders and borrowers and provide avenues for saving and help investors find their financing needs. [...]

**Cross-Border Banking in Africa – What are the Opportunities and Challenges as African Banks Expand Across the Continent?**
The World Bank
Cross-border banking has been an important part of Africa's financial systems since colonial times. While it has long been dominated by European banks, its face has changed significantly over the past two decades. African banks have not only significantly increased their geographic footprint across the region (see Figure 1) but have also become economically significant beyond their home countries in a number of countries across Africa.

**Sweden: 2014 Article IV Consultation-Staff Report;Press Release; and Statement by the Executive Director for Sweden - IMF Country Report No. 14/261**
International Monetary Fund
This paper is the for the periodic consultation with the member country [...]

**How to jumpstart the Eurozone economy**
VOX
The stagnating Eurozone economy requires policy action. This column argues that EZ leaders should agree a coordinated 5% tax cut, extension of budget deficit targets by 3 or 4 years, and issuance of long-term public debt to be purchased by the ECB without sterilisation.

**Slovak Republic: 2014 Article IV Consultation - Staff Report; and Press Release**
International Monetary Fund
This paper is the for the periodic consultation with the member country [...]

**Republic of Congo: 2014 Article IV Consultation-Staff Report; Press Release; and Statement by the Executive Director for the Republic of Congo -IMF Country Report No. 14/272**
International Monetary Fund
This paper is the for the periodic consultation with the member country [...]

**Norway: 2014 Article IV Consultation - Staff Report; Staff Supplement; Press Release; and Statement by the Executive Director for Norway - IMF Country Report No. 14/259**
International Monetary Fund
This paper is the for the periodic consultation with the member country [...]

**Trinidad and Tobago: 2014 Article IV Consultation-Staff Report; Press Release; and Statement by the Executive Director for Trinidad and Tobago - IMF Country Report No. 14/271**
International Monetary Fund
This paper is the for the periodic consultation with the member country [...]

**Economic Report on Africa 2014**
Economic Commission for Africa
Dynamic Industrial Policy in Africa: Innovative Institutions, Effective Processes and Flexible Mechanisms.

**Czech Republic: 2014 Article IV Consultation - Staff Report; Press Release; and Statement by the Executive Director for the Czech Republic - IMF Country Report No. 14/256**
International Monetary Fund
This paper is the for the periodic consultation with the member country [...]

## Monetary Policy

**Low inflation and high indebtedness – expansionary monetary policy makes demands of other policy areas**

BIS

*Speech by Ms Kerstin af Jochnick:* Inflation in Sweden is currently below the target of two per cent. But at the same time, household debt is a threat to the long-term stability of the development of the economy. How are we to handle this challenge?[...]

**Monthly Bulletin, August 2014**

European Central Bank

The monthly bullettin contains information on Economic and Monetary developments [...]

## Fiscal policy and Budget Management

**Can large primary surpluses solve Europe's debt problem?**

VOX

For the debts of European countries to be sustainable, their governments will have to run large primary budget surpluses. But there are both political and economic reasons to question whether this is possible. The evidence presented in this column is not optimistic about Europe's crisis countries. Whereas large primary surpluses for extended periods of time did occur in the past, they were always associated with exceptional circumstances.

## Best Practices Publications

**UNCTAD launches official consultation on the Guidelines on Responsible Sovereign lending and borrowing. 28.08.2014**

UNCTAD

After the successful launch of the Principles on Responsible Sovereign Lending and Borrowing (the PRSLB) in April 2012, UNCTAD has been working on developing extensive guidelines with a view to facilitating the implementation of the PRLSB.

## Public Debt in Macroeconomic Analysis

**African Economic Outlook 2014**

ADB-OECD-UNDP

The African Economic Outlook (AEO) presents the current state of economic and social development in Africa and projects the outlook for the coming two years. The AEO is a product of collaborative work by three international partners: the African Development Bank, the OECD Development Centre and the United Nations Development Programme.

**Will more debt hinder the development of the Dominican Republic?**

The World Bank

In April this year the Dominican Republic borrowed 1.25 billion US dollars on international markets in 30-year bonds. The DR is the only country in the B investment rating group that successfully issued 30-year bonds in the last 6 years. The country has a total of 2.75 billion US dollars for three issuances in the past 15 months.
It is difficult to predict the net effects of the current increase in debt in DR on poverty and inequality. At the same time, it is worth ensuring that debt levels are on a sustainable trend, since high debt levels could hamper growth, increase macroeconomic volatility and, ultimately, provoke a fiscal crisis, which in turn would negatively affect the poor.

**Portugal: The Way Forward - Portuguese Debt Agency Presentation**

igcp.pt

Outline: Rebalancing the economy, Recent macro developments, Exports driven growth, Structural transformation, Fiscal consolidation, Debt management.

**Future Directions for the Irish Economy**

European Commission

Upon successful conclusion of the financial assistance program, Ireland has regained policy credibility and made substantial progress in addressing macroeconomic imbalances. Yet challenges remain. The three papers as well as the discussion material from this conference explore these challenges under three headings: growth policy, financial sector stability and a sustainable, rules-based fiscal policy.

**Italian growth: New recession or six-year decline?**
VOX
The Italian economy is reported to have slipped back into recession in the first part of 2014. This characterisation is based on a criterion for a recession standard in Europe – two successive quarters of negative growth. However, there are other criteria to define a recession. US standards would treat Italy's economic situation as one, six-year-long recession. Whereas one cannot say whether one criterion is superior to the other, announcing a recession has further implications.

# Network News

**From January 2011 the "Network News" section is present also in the *Public area* of the Network's website. The Partners can find *daily news* (15.695 items inserted by the Secretariat since January 2011) extracted from best online newspapers and info providers and classified by geographical areas.**

**Annual Reports & Guidelines** go to the "*Information Corner*" on www.publicdebtnet.org

# Events and Courses

## Newly uploaded

**26 June 2014 - Paris, France**
Fourteenth IMF Agence France Tresor Public Debt Management Forum

**20 August 2014 - Kingstown, St. Vincent & the Grenadines**
Credit Union Conference and Workshop

**26 August 2014 - Hotel Palladium, Mumbai**
The 1st Annual Credit Summit 2014 , Mumbai, India

**01 September 2014 - Kampala, Uganda**
UNCTAD-MEFMI joint workshop on DMFAS 6

**01 September 2014 - e-learning**
Golden Growth: Restoring the Lustre of the European Economic Model

**16 September 2014 - Christ's College, Cambridge**
New Challenges in Financial Regulation and Supervision

**16 September 2014 - Web-based**
Online conference "Uruguay Macroeconomic Outlook"

**16 September 2014 - Christ's College Cambridge**
Economic Analysis and Forecasting for Macroprudential and Monetary Policymaking

**16 September 2014 - Christ's College Cambridge**
Risk Management for Central Banks

**16 September 2014 - San José, Costa Rica.**
Seminario Regional sobre Pruebas de Resistencia y Aspectos de Estabilidad Financiera

**17 September 2014 - ME London Hotel - Westminster, London**
AFME Italian Banking Conference

**22 September 2014 - London**
Fundamentals of Derivatives

**22 September 2014 - Ljubljana - Slovenia**
Financial Reporting on General Government and its Sub-sectors

**23 September 2014 - One Bishops Square – Auditorium, London**
2014 ISDA Annual Europe Conference

**25 September 2014 - London, UK**
Market Data Reporting Conference

**30 September 2014 - Ljubljana - Slovenia**
Financial Audit

**30 September 2014 - London**
Introduction to the 2014 ISDA Credit Derivatives Definitions Conference

**02 October 2014 - Allen & Overy LLP, One Bishops Square - London, UK**
Legal Aspects of Clearing Conference

**07 October 2014 - 155 Bishopsgate, London**
**AFME's 9th Annual European High Yield Conference**

**08 October 2014 - Web-based**
**Free webinar: Big Data and its Impact on Institutional Investors**

**08 October 2014 - London, UK**
**Understanding the ISDA Master Agreements Conference**

**12 October 2014 - Marrakech, Morocco**
**Ninth African Development Forum**

**13 October 2014 - Caracas, Venezuela.**
**Macroeconomic Stability**

**15 October 2014 - Ljubljana - Slovenia**
**Budget Submissions of Line Ministries**

**16 October 2013 - London, UK**
**ICMA European Repo Council (ERC) General Meeting**

**17 October 2014 - on line**
**E-Learning Course on Budget Formulation**

**20 October 2014 - The World Bank Institute - 1818 H Street, N.W - Washington DC**
**Debt Management Performance Assessment (DeMPA) e-Learning Course**

**20 October 2014 - ReSPA, Danilovgrad, Montenegro**
**Macroeconomic Forecasting**

**22 October 2014 - Hong Kong**
**2014 IIF Executive Program on Risk Management**

**22 October 2014 - ReSPA, Danilovgrad, Montenegro**
**Writing Strategic Documents**

**22 October 2014 - Seoul, Korea**
**Meeting of Working Group on Public Debt (WGPD)**

**27 October 2014 - e-learning**
**Municipal Finances - A Learning Program for Local Governments**

**30 October 2014 - Sky City, Auckland**
**2014 INFINZ Conference**

**3 November 2014 - SOFITEL Europe, Brussels**
**AFME 9th Annual European Government Bond Conference**

**11 November 2014 - 23 College Hill - London, EC4R 2RP**
**Bond syndication practices for compliance professionals and other non-bankers - an ICMA Workshop**

**17 November 2014 - United Kingdom**
**Debt Sustainability & Risk Management**

**03 December 2014 - Washington, DC**
**Sovereign Debt Management Forum**

**18 December 2014 - The Bank of England, London**
**International Trade, Finance, and Macroeconomics: Research Frontiers and Challenges for Policy [Call for Papers]**

## Previously signaled

25 August – 3 October 2014 – UNITAR: web-based
**Advanced Risk Management (2014)**

8 September - 10 October 2014 - e-learning
**Public Funds and their Auditing**
09-11 September 2014 - Offices of Credit Suisse (11 Madison Ave) - New York
**2014 IIF Executive Program on Risk Management - Risk Strategy Beyond Basel III**

22 – 24 September 2014 - Ljubljana, Slovenia
**Financial Reporting on General Government and its Sub-sectors**

24 September 2014 - International Capital Market Association (ICMA) Limited - 23 College Hill - London
**Global Master Agreements for Repo and Securities Lending Workshop**

01 October 2014 - Deutsche National bibliothek (German National Library) - Adickesallee 1 - 60322 Frankfurt am Main
**The 7th Annual bwf and ICMA Capital Markets Conference**

13 October 2014 - United Kingdom
**Implementing Programme & Performance Budgeting**

13 October 2014 - International Capital Market Association (ICMA) Limited - 23 College Hill - London
**European Regulation: An Introduction for Capital Market Practitioners**

17-18 November 2014; Basel, Switzerland
**Fifth Joint BIS/World Bank Public Investors Conference**

27 November 2014 - University of Geneva, Switzerland
**2nd Geneva Summit on Sustainable Finance**
**[Call for Papers]**

1 January 2015 - London, UK
**The New 2014 ISDA Credit Derivatives Definitions**

## Communication Corner

**At the link below, Partners can find details on the *Thailand* study visit held on February 2014 at the Italian Ministry of Economy and Finance premises.**

**http://www.publicdebtnet.org/public/MoreAboutUs/Study/**

**REMINDER…**

**e-LEARNING COURSE MATERIALS**
The PDM network website hosts materials from e-learning course "**ADVANCED RISK MANAGEMENT**" organized by UNITAR thanks to Enrique Cosio-Pascal contribution.
The four modules course is downloadable from the Reserved Area of the website in the Section "*Learning Area*". This course is oriented toward those economists and financial specialists that would be dealing with financial risk management issues.

## Some figures

**On 18th September 2014, the number of total resources of the PDM Network website is 21.105 (of which 15.695 news, 2.554 papers and articles in reviews and books, and 2.019 webresources). The Members are 772, coming from 110 countries. 415 Partners belong to sovereign debt management institutions of emerging and advanced countries. This newsletter is sent to 588 Partners.**

### Special thanks

**The PDM Network Secretariat is grateful to Mark De Broeck (IMF), Peter K. Koech and Moses O. Owino (Central Bank of Kenya), Ioanna Markidou (Cypriot MoF), Fatos Koc (Turkish Treasury), Abha Prasad (World Bank) and Biharilal Deora (Association of International Wealth Management of India - AIWMI) for their resource contribution.**

## Participating Institutions in the PDM Network

**OECD**
Australian OFM, Austrian DMA, Belgian DMA, Belgian Central Bank, Canadian Foreign Affairs and International Trade, Canadian Government, Chilean Central Bank, Chilean MOF, Czech Central Bank, Czech Mof, Danish DMO, Danish Central Bank, Danish Mof, Dutch Central Bank, Dutch DMA, Dutch MoF, Finnish Treasury, Finnish MoF, French Central Bank, French DMA, French MoF, German Central Bank, German MoF, German Finance Agency, Greek DMA, Greek MoF, Greek Central Bank, Hungarian DMA, Hungarian MoF, Hungarian National Bank, Icelandic DMA, Irish NTMA, Irish MoF, Israeli MoF, Israeli Central Bank, Italian Development Co-operation Office, Italian Ministry of Foreign Affairs, Italian MoF, Italian Senate, Japanese MoF, Japanese Central Bank, Luxembourg Mof, Mexican MoF, New Zealander DMO, Norwegian MoF, Polish MoF, Polish Central Bank, Portuguese Central Bank, Portuguese DMA, Slovak MoF, Slovak DMA, Slovenian MoF, Spanish Central Bank, Spanish MoF, Swedish DMO, Swedish Mof, Swiss State Secretary for Economic Affairs SECO, Turkish Treasury, US GAO, US Treasury, UK Central Bank, UK DMO, UK Treasury.

**Non-OECD**
Afghan Mof, Albanian Mof, Angolan National Bank, argentine Central Bank, Argentine MoF, Bangladeshi MoF,The Audit Board of The Republic of Indonesia, Autonomous Sinking Fund of Cameroon, Barbados Central Bank, Bosnia and Herzegovina Federal Ministry of Finance, Brazilian Central Bank, Brazilian MoF, Bulgarian MoF, Chinese MoF, Colombian MHCP, Cypriot Central Bank, Cypriot MoF, Dubai Government, Dubai MoF, Eastern Caribbean Central Bank, Egyptian MoF, Estonian MoF, Ethiopian MoF, Fiji MoF, Georgian Mof, Ghanaian Central Bank, Ghanaian MoF, Hong Kong Monetary Auth., Indian Reserve Bank, Indian NIPF, Indonesian Central Bank, Jordanian Central bank, Kenyan Central Bank, Kenyan MoF, , Latvian DMO, Lebanese MoF, Lesotho Central Bank, Lesotho MoF, Lithuanian MoF, Republic of Macedonia MoF, Malawian Reserve Bank, Maldives MoF, Maltese Treasury, Maltese Central Bank, Mauritius Ministry of Finance and Economic Development, Moldovan

MoF, Moldovan Court of Accounts, Moroccan MoF, Mozambique Ministry of finance, National Analytical Centre of the Government of Kazakhstan, Nicaraguans Ministry of Finance and Public Credit, Nigerian DMO, State Bank of Pakistan, Pakistani MoF, Papua New Guinean Treasury, Paraguayan Ministry of Finance, Philippine Bureau of the Treasury, Romanian MoF, Romanian Central Bank, Romanian Court of Accounts, Rwandan MoF, Sain Kitts & Nevis MoF, Santa Lucia Ministry of Finance Economic Affairs and National Development, Serbian Mof, Singaporean MoF, Solomon Island Central Bank, Solomon Islands MoF, South African National Treasury, South Korean MoF, Bank Of Korea, Sri Lanka Central Bank, Swaziland's MoF, Tanzanian MoF, Thai Central Bank, Thai Mof, The People's Bank of China, Ugandan Central Bank, United Arab Emirates MoF and Central Bank, Uruguayan MoF, Vietnamese Mof, Zimbabwean DMO.

**Multilateral Institutions**
ADB-Asian Development Bank, African Development Bank Group, African Forum and Network on Debt and Development (Afrodad), Asian Development Bank Institute, CEF-Center of Excellence in Finance, Commonwealth Secretariat, Debt Relief International, European Bank EBRD, European Central Bank, European Commission, Inter-American Development Bank (IADB), International Monetary Fund (IMF), International Finance Corporation (IFC), International Monetary Fund (IMF), MEFMI, OECD, West African Institute for Financial and Economic Management (WAIFEM), World Bank, United Nations Conference on Trade and Development (UNCTAD).

**Universities**
Columbia University, CRIEP (Italy), Duke University's Fuqua School of Business, Harvard University, Harvard Business School, Johns Hopkins University, London Business School, Mays Business School at Texas A&M University, National Chengchi University, National University of Science and Technology, Norwegian School of Economics and Business Administration, Stanford University, The George Washington University, University "Dunarea de Jos" Galati – Romania, University of Bologna, University of Brussels, University of California, University of Chicago, University of Colorado, University of London Birkbeck, University of Maryland, University of Milan, University of Molise, University of Padua, University of Rome "La Sapienza", University of Rome "Tor Vergata", University of Tokyo, University of Tuzla, University of Vienna, University of Viterbo "La Tuscia".

**Other Institutions**
Afrifocus Securities; Association for Financial Markets in Europe (AFME), Barclays Capital, BE Berlin Economics GmbH, Belgrade Banking Academy, Business Monitor International Limited, Cass Business School, CCM - Carolina Capital Markets, Centre for Planning and Economic Research, Crown Agents, CfC Stanbic Bank, Colchester Global Investors, Comitè de Inversiones Extranjeras, Concorde Capital, Devfin Advisers AB, DIFC-Dubai International Financial Centre, Digital Bridge Institute, Econviews, Euromoney, Exchange Data International Limited, Finance for Development-FMO, FTI, HSBC, International Capital Market Association (ICMA), International Social-Economic Development for Africa (ISEDA), Institut d'Anàlisi Econòmica (CSIC), Japan Bank for International Cooperation, JCVP Consulting, Johannesburg Stock Exchange Limited (JSE), KFW Bankengruppe, Korea Bond Pricing, Linus Capital, MAK Azerbaijan Ltd, Mckinsey & Company, Inc. International, Michele Robinson Consult, Morgan Stanley, NEDBANK, Newstate Partners LLP, Oxford Policy Management (OPM), Pragma Corporation, Public Debt Finance, Reykjavik Academy, Századvég Economic Research, Sifma-Epda, Storkey & Co. Ltd., The ONE Campaign, Tudor Investment Corporation, United Bank For Africa (UBA) PLC., U.S. Agency for International Development (USAID).