



PDM NETWORK Newsletter

Click the links below for more info:

- >> [PDM Network](#)
- >> [Emerging Markets Weekly Newsletter](#)
- >> [Bimonthly Newsletter](#)

Number 5/ September - October 2020

ISSN 2239-2033

This bimonthly newsletter lists all papers, reports, courses and other events about public debt management recently uploaded by the PDM Network Secretariat in the website www.publicdebtnet.org. The documents considered as most interesting by the PDM Network Secretariat are highlighted with a light grey background. The PDM Network bimonthly Newsletter is published on January, March, May, July, September and November. The PDM Network Secretariat welcomes cooperation on information published on the website. Thus, please feel free to **suggest any documents, news and events** relevant to public debt management issues by contacting the Secretariat at the following email: publicdebtnet.dt@tesoro.it.

Contents

Documents.....	3	PDM Network in Figures	32
Reports.....	24	Special Thanks	33
News.....	30	Our Subscribers.....	33
Events and Courses.....	31		

Highlight

Debt Management in Uncertain Times - Proceedings of the first Public Debt Management Network Conference, held in Paris on September 4-5, 2019

OECD, World Bank, Italian Ministry of Economy and Finance

The Promoting Institutions of the Public Debt Management (PDM) Network held the first Public Debt Management Conference in Paris on September 4-5, 2019. Given the rising government debt globally and growing contingent liabilities, yet limited comprehensive and analytical discussions on the topic, the Conference addressed the dynamics of debt accumulation, the approaches to improve quantitative and analytical public debt management in the context of a shifting macroeconomic, geopolitical, regulatory, and technological environment. Nineteen papers were presented in eight sessions, focusing on the areas of sovereign asset and liability management, modeling the cost and risk tradeoff in public debt management, approaches to debt sustainability and government securities

market. The main topics debated during the Conference are briefly discussed in the following to provide an in-depth background and a perspective going forward, given the COVID-19 pandemic increased vulnerabilities of government debt to external shocks. [Read more](#) TAGS: [Debt Policy](#); [Debt and fiscal/monetary policies](#); [Sovereign debt market](#); [Cost and Risk](#); [Sovereign ALM](#); [Contingent Liabilities](#); [COVID-19](#); [OECD](#); [World Bank](#); [PDM network](#); [Best Practices](#)

Special Focus

International Retail Debt Management Symposium 2020

US Treasury and World Bank

The United States Treasury and the World Bank have successfully co-hosted the International Retail Debt Management Symposium on October 20th, 2020. The Symposium is sponsored by the International Retail Debt Management Conference (IRDMC) core countries and held biennially. The core IRDMC membership includes Brazil, Canada, Hungary, Ireland, Italy, Japan, South Africa, the United Kingdom, and the United States. [Read more](#) TAGS: [Debt Policy](#); [Primary market](#); [Debt composition](#); [COVID-19](#); [Best Practices](#); [World Bank](#)

Riding the Wave: Navigating the ESG Landscape for Sovereign Debt Managers

Sebastien Boitreaud, Ekaterina M.Gratcheva, Bryan Gurhy, Cindy Paladines, and Andrius Skarnulis - World Bank

The world is on an unsustainable path. Financial sector participants are becoming more conscious of the impact of their economic, social and environmental footprint. As the investor community makes progress towards integrating environment, social and governance (ESG) factors into investment mandates, particularly for equities and corporate debt, integrating these factors into the sovereign debt asset class has lagged- although investment practices and approaches are evolving. As the financial ecosystem changes, the Debt Management Office (DMO), as the main financing arm of the state, would benefit greatly from understanding how these changes affect the core Public Debt Management (PDM) mandate and how to respond to the growing investor demand for sustainable finance. [Read more](#) TAGS: [Debt Policy](#); [Primary market](#); [Sovereign debt market](#); [Contract standards](#); [Transparency](#); [Best Practices](#); [World Bank](#)

Cash Management - How do Countries Perform Best Practices?

M. Coskun Cangoz, Leandro Secunho - World Bank

Cash management is simply defined as making the right amount of money available at the right time and the right place to meet the government's obligations in the most cost-effective way. The main features of modern cash management are centralized government bank accounts and establishment of a Treasury Single Account, ability to make accurate cash flow forecasts, use of short-term financing instruments, and capacity for the investment of excess cash reserves. [Read more](#) TAGS: [Cash Management](#); [Best Practices](#); [World Bank](#)



Debt Policy

Sovereign Investor Relations: From Principles to Practice (2020)

James Knight, Bill Northfield - International Monetary Fund, Consultant

This paper defines sovereign investor relations (IR) and places it in the context of modern debt management theory. It highlights the role that improvements in IR and debt transparency can play in improving the cost-risk tradeoff in debt management, supporting market access and acting as a first line of defense in times of crisis. It sets out a policy framework and institutional arrangements for effective IR, as well as discussing the various practices, publications and strategies that underpin an IR program. TAGS: [Debt Policy](#); [Sovereign debt market](#); [Institutional Investors](#); [Best Practices](#)

Debt Management in Uncertain Times (2020)

Proceedings of the first Public Debt Management Network Conference, held in Paris on September 4-5, 2019

Given the rising government debt globally and growing contingent liabilities, yet limited comprehensive and analytical discussions on the topic, the Conference addressed the dynamics of debt accumulation, the approaches to improve quantitative and analytical public debt management in the context of a shifting macroeconomic, geopolitical, regulatory, and technological environment. Nineteen papers were presented in eight sessions, focusing on the areas of sovereign asset and liability management, modeling the cost and risk tradeoff in public debt management, approaches to debt sustainability and government securities market. The ebook

includes ten papers among the nineteen papers that were presented in the Conference. [...] TAGS: [Debt Policy](#); [Debt and fiscal/monetary policies](#); [Sovereign debt market](#); [Cost and Risk](#); [Sovereign ALM](#); [Contingent Liabilities](#); [COVID-19](#); [OECD](#); [World Bank](#); [PDM network](#); [Best Practices](#)

Maturity Structure and Liquidity Risk (2020)

David Andolfatto - Federal Reserve Bank of St. Louis

This paper studies the optimal maturity structure for government debt when markets for liquidity insurance are incomplete or non-competitive. There is no fiscal risk. Government debt in the model solves a dynamic inefficiency. Issuing debt in short and long maturities solves a liquidity insurance problem, but optimal yield curve policy is only possible if long-duration debt is rendered illiquid. Optimal policy is implementable through treasury operations only--adjustments in the primary deficit are not necessary. TAGS: [Debt policy](#); [Debt composition](#); [Sovereign bonds yields](#); [Cost and Risk](#); [Market Liquidity](#)

Primary Markets

Sustainable Financial Partnerships for the SDGs: the case of Social Impact Bonds (2020)

Alessandro Rizzello, Abdellah Kabli - University Magna Graecia of Catanzaro

The 2030 Agenda for Sustainable Development brought the critical challenge of how private capital can support its new goals—the Sustainable Development Goals (SDGs)—to the attention of finance, business and policy actors. Impact finance instruments, which aim to obtain both financial and positive

social/environmental returns simultaneously, can serve as effective institutional mechanisms to support the financing of SDGs. Social impact bonds (SIBs) are part of this emerging field. SIBs represent multi-stakeholder partnerships, built on outcome-based contracts, designed to harness private impact-oriented investors, service providers and public entities to address social or environmental problems. **TAGS:** [Primary market](#); [Best Practices](#); [Bond market development](#)

[Sustainable local currency Debt: an analysis of Foreigners' Korea Treasury Bonds Investments using a LA-VARX Model \(2019\)](#)

Jae Young Jang, Erdal Atukeren - BSL Business School Lausanne

Foreign investors' interest in Korean local currency bonds, and especially in Korea Treasury Bonds (KTBs) has increased significantly since the mid-2000s. This paper examines the determinants of foreign investors' KTB investments by means of a lag-augmented vector autoregressive model with exogenous variables (LA-VARX). The model specification includes variables capturing the domestic, international, and risk factors. The risk factors are especially important in the context of South Korea since geopolitical tensions and economic policy uncertainty might adversely affect all investment decisions by foreigners. The authors find that expected return rates, country default risks, and global economic conditions have a significant impact on foreign investors' KTB investment, but geopolitical risks have only a short-term negative impact. Their findings not only provide a better understanding of the determinants of financial investments in South Korean financial markets, but they have broader implications in terms of the economic and social aspects of sustainability in South Korea. This is because KTBs provide a source of funding for the South Korean government for social projects and that KTBs are also held largely by long-term investors such as pension

funds and insurers which require stable and sustainable investments. **TAGS:** [Sovereign risk premia](#); [Primary market](#); [Sovereign bond market](#); [Financial Analysis](#); [Foreign Debt](#)

[Secondary Markets](#)

[Government bond term premia during the pandemic \(2020\)](#)

Corrado Macchiarelli – LSE

With monetary policy interest rates at the effective lower bound (ELB) in developed economies, the conventional view is that countries should deploy their fiscal stimulus (Chadha, 2020).¹ Since the start of the Covid-19 pandemic, such fiscal support came in conjunction with the continuation of the central banks' asset purchase programmes so as to provide fiscal space, allowing governments to support the provision of services and transfers to mitigate the health and welfare impact of the shock across the society. Central bank bond purchase programmes of the type announced before and during Covid-19, such as quantitative easing (QE), have a direct effect on the liquidity of the bond market. Long-term Treasury yields can be decomposed into two components: expectations of the future path of short-term Treasury yields and a term premium. These are, respectively, the average current and expected future short-term interest rates, and the compensation investors require for bearing the risk that short-term Treasury yields will not evolve as expected (risk premium).[...]

TAGS: [Secondary Markets](#); [Financial Analysis](#); [Sovereign bonds yields](#); [Sovereign risk premia](#); [COVID-19](#)

[Who drains Bond market liquidity in an emerging market? \(2020\)](#)

Ricardo Hoyos, Yang Liu, Hui Miao, Christian Saborowski – IMF

This paper examines the drivers of liquidity shortages in the Mexican government bond

market. The authors use unique transaction- and quote level data with information on end-investors to construct an index of bond market liquidity. The authors find that liquidity remained stable in recent years, although temporary shortages arose amid domestic and global market stress. The analysis suggests that the largest liquidity squeezes have tended to be driven by foreign investors, whose sell-offs were especially pronounced in less liquid market segments. While domestic banks often absorbed part of the shock, other domestic investors—with the notable inclusion of domestic pension and mutual funds—appeared to take a more opportunistic stance depending on the nature of the shock. **TAGS:** [Market Liquidity](#); [Foreign Debt](#); [Sovereign debt market](#); [Financial stability](#); [Debt sustainability](#)

[A theory of Social Impact Bonds \(2020\)](#)

Daniel L. Tortorice, David E. Bloom, Paige Kirby, John Regan - College of the Holy Cross and Data for Decisions, Harvard TH Chan School of Public Health, Data for Decisions

Social impact bonds (SIBs) are an innovative financing mechanism for public goods. In a SIB, an investor provides capital to a service provider for a social intervention. The investor receives a return based on the outcome of the intervention relative to a predetermined benchmark. The authors describe the basic structure of a SIB and provide some descriptive statistics for these financial instruments. The authors then consider a formal model of SIBs and examine their ability to finance positive net present value projects that traditional debt finance cannot. They find that SIBs expand the set of implementable projects if governments are pessimistic (relative to the private sector) about the probability an intervention would succeed or if the government is particularly averse to paying costs associated with a project that does not generate offsetting benefits. As both these features are present in various public programs, the authors conclude

that SIBs are a real innovation in public finance and should be considered for projects when traditional debt finance has been rejected.

TAGS: [Primary market](#); [Debt Policy](#); [Bond market development](#)

[COVID-19 and bond market liquidity: alert, isolation and recovery \(2020\)](#)

Jean-Sébastien Fontaine, Hayden Ford, Adrian Walton - Bank of Canada

The COVID-19 pandemic kickstarted a series of unprecedented events. The measures necessary to contain the spread of the virus disrupted entire industries. Anticipating the impact on their jobs and incomes, Canadian households and businesses started to change how much they borrowed and how they invested their savings. The widespread desire to hold more liquid assets and more cash threw many markets off balance. The repercussions spread like a contagion throughout the financial system. [...] **TAGS:** [Market Liquidity](#); [Sovereign debt market](#); [COVID-19](#)

Subnational Debt

[Testing the reliability of Financial Sustainability. The case of Spanish Local Governments \(2020\)](#)

Vicente Pina, Patricia Bachiller, Lara Ripoll - University of Zaragoza

Local Governments (LGs) have strengthened the financial control as a consequence of mandatory requirements to ensure financial sustainability in their management. The aim of this study is to determine whether financial indicators about financial conditions defined in Spanish regulation are backed by worldwide generally accepted financial benchmarking indicators. For this purpose, the authors analyze the relationship between Spanish indicators of financial sustainability based on European Union (EU) regulations and Financial Trends Monitoring System Indicators (FTMS) of the International City/County Management

Association (ICMA). For this purpose, two methodologies are applied: discriminant analysis and logistic regression, where the dependent variables are each of the Spanish financial indicators and the independent variables are ICMA indicators. The evidence supports that variables that are related to the control of expenditures, debt and the revenues show a greater explanatory power of financial sustainability, being the most important elements which offer relevant information about the financial sustainability measurement of LGs. TAGS: [Debt and fiscal/monetary policies](#); [Debt sustainability](#); [Subnational debt](#); [Financial stability](#)

[Saving with a Social Impact: evidence from Trento Province \(2020\)](#)

Stefania Basiglio, Mariacristina Rossi, Riccardo Salomone Costanza Torricelli - Università degli Studi di Torino, Università degli Studi di Trento, Università di Modena e Reggio

In this paper, the authors investigate the determinants of investing, focusing on its potential social impact. In particular, they consider whether there is room for expanding impact investing through social savings. The increasing trend in the demand for social finance makes the topic of unique interest, particularly when data on preferences for social saving can be collected at the individual level. The authors investigate the determinants and drivers of saving with a social goal running a survey conducted in Trentino-Alto Adige in which respondents are asked to allocate their portfolio to possible social investments. In line with the evidence collected in the Netherlands by Riedl and Smeets (2014), their results show a strong preference for a lower return, with the condition that the return is invested in a community programme, and little interest in the monetary return of the investment. Respondents are either inclined to put their entire portfolio into saving for the community or not to invest at all. This result suggests that

there is a consistent demand, only partially accommodated by the supply, for financial products investing in the community, rather than for a monetary return. TAGS: [Primary market](#); [Cost and Risk](#); [Sovereign bonds yields](#); [Subnational debt](#)

[The Effect of Local Government Debt on Regional Economic growth in China: a nonlinear relationship approach \(2019\)](#)

Rubo Zhao, Yixiang Tian, Ao Lei, Francis Boadu, Ze Ren - University of Electronic Science and Technology of China

By drawing on the concept of sustainable economic development, this study advances the research on debt sustainability in the economic literature. The authors explore the correlation between local government debt and regional economic growth in 30 provinces in China. Previous studies have established that the development of economic growth between regions is not independent and the authors, therefore, investigate the spatial effect of regional economic growth due to the existence of a spatial spillover effect or spatial expansion among regions. Using Moran's scatter plot, a Local Indicator of Spatial Association (LISA) map, and a semiparametric spatial model (SE-SDM), their results demonstrate the following: (1) the spatial agglomeration effect has a significant influence on regional economic growth; (2) the relationship between local government debt and regional economic growth presents nonlinear characteristics, rather than having an inverted U-shaped relationship; (3) the semiparametric spatial model more accurately characterizes in the nonlinear relationship between local government debt and regional economic growth compared to a basic regression model and the spatial Durbin model; and (4) when the scale of local government debt exceeds a certain level, economic growth will be suppressed by the crowding-out of private investment and the reduction of public expenditure. TAGS:

[Subnational debt](#); [Debt and growth](#); [Debt and fiscal/monetary policies](#)

Financial Analysis

Note Concerning Government Bond Yields (2020)

Tanweer Akram - General Motors

This paper relates Keynes's discussions of money, the state theory of money, financial markets, investors' expectations, uncertainty, and liquidity preference to the dynamics of government bond yields for countries with monetary sovereignty. Keynes argued that the central bank can influence the long-term interest rate on government bonds and the shape of the yield curve mainly through the short-term interest rate. Investors' psychology, herding behavior in financial markets, and uncertainty about the future reinforce the effects of the short-term interest rate and the central bank's monetary policy actions on the long-term interest rate. Several recent empirical studies that examine the dynamics of government bond yields substantiate the Keynesian perspective that the long-term interest rate responds markedly to the short-term interest rate. These empirical studies not only vindicate the Keynesian perspective but also have relevance for macroeconomic theory and policy. **TAGS:** [Financial Analysis](#); [Secondary Markets](#); [Sovereign bonds yields](#)

Sovereign risk and bank fragility (2020)

Kartik Anand, Jochen Mankart - Deutsche Bundesbank

The authors develop a model of bank risk-taking with strategic sovereign default risk. Domestic banks invest in real projects and purchase government bonds. While an increase in bond purchases crowds out profitable investments, it improves the government's incentives to repay and therefore lowers its borrowing costs. For low

levels of government debt, banks influence their default risks through purchases of bonds. But, for high debt levels, this influence is lost since bank and government default are perfectly correlated. Banks fail to account for how their bond purchases influence the government's default incentives. This leads to socially inefficient levels of bond holdings. **TAGS:** [Financial Analysis](#); [Institutional Investors](#); [Sovereign defaults](#); [Sovereign debt exposure](#)

Do Fiscal Policy News Shocks Affect JGB Yield? Evidence from COVID-19 (2020)

Takahiro Hattori, Motoki Katano - University of Tokyo, Motoki Katano

This is a pioneering study that investigates how fiscal news affects the yield of the Japanese Government Bond (JGB), by using intraday data. Since the Japanese government is the largest spender in the world, during the COVID-19 pandemic, this period provides the ideal situation or setting to test how fiscal news affects JGB yield. Taking advantage of the minute by minute data about fiscal news during this pandemic, the authors find that negative fiscal news significantly but temporarily increased JGB yield, although it is not a persistent effect. The authors also find that investors do care about negative news but not about the positive news. These results suggest that the JGB is considered a risk-free asset among investors, but the result also signals to the Japanese government to work on sound management of debt sustainability from a long-term perspective. **TAGS:** [Financial Analysis](#); [Sovereign bonds yields](#); [Debt sustainability](#); [Debt and fiscal/monetary policies](#); [COVID-19](#)

The (ir)relevance of the nominal lower bound for real yield curve analysis (2020)

Fabian Schupp – ECB

The author proposes a new term structure model for euro area real and nominal interest

rates which explicitly incorporates a time-varying lower bound for nominal interest rates. Results suggest that the lower bound is of importance in structural analyses implying time-varying impulse responses of yield components. With short-term rate expectations at or close to the lower bound, premium components are less reactive to a typical 10 bp increase in inflation, while real rate responses change their sign from positive to negative. **TAGS:** [Financial Analysis](#); [Sovereign bonds yields](#); [Sovereign risk premia](#)

[Money markets, central bank balance sheet and regulation \(2020\)](#)

Stefano Corradin, Jens Eisenschmidt, Marie Hoerova, Tobias Linzert, Glenn Schepens, Jean-David Sigaux – ECB

This paper analyses money market developments since 2005, and examines factors that have affected money market functioning. The authors consider several metrics of activity in both secured and unsecured euro area money markets, and study interactions with new Basel III regulations and with central bank policies (liquidity provision, asset purchases and the Securities Lending Programme). Using aggregate data, the authors document that, prior to 2015, heightened financial market volatility coincided with worsening money market conditions, while higher central bank liquidity provision was associated with reduced money market stress. **TAGS:** [Financial Analysis](#); [Market Liquidity](#); [Financial stability](#); [Debt and fiscal/monetary policy](#); [International and Macprudential Regulations](#)

[Break-even inflation rates: the Italian case \(2020\)](#)

Alberto Di Iorio, Marco Fanari - Bank of Italy

This paper focuses on break-even inflation rates (BEIRs), a widely used market-based

measure of expected inflation, computed from government bonds. In the first part of the paper, the authors regress the Italian BEIR on several financial variables to assess the contribution of inflation, credit and liquidity components. In the second, in order to disentangle market participants' inflation expectations from risk premia, they estimate a term structure model for the joint pricing of the Italian nominal and real yield curves, considering also credit and liquidity factors. The results show that BEIRs could be a misleading measure of the expected inflation due to the importance of inflation risk premium and credit risk effect. According to their estimates, the decrease in market-based measures of inflation observed in the last part of the sample period seems to reflect a lowering of both inflation expectations and risk premia. Inflation premia commove with a measure of tail risk of the long-term inflation distribution signalling that investors become more concerned with downside risks. **TAGS:** [Financial Analysis](#); [Sovereign bonds yields](#); [Secondary Markets](#); [Sovereign risk premia](#)

[The role of Redenomination Risk in the Price Evolution of Italian Banks' CDS Spreads \(2020\)](#)

Michele Anelli, Michele Patanè, Mario Toscano, Stefano Zedda - University of Siena, University of Cagliari

The recent financial crisis offered an interesting opportunity to analyze the markets' behavior in a high-volatility framework. In this paper, the authors analyzed the price discovery process of the Italian banks' Credit Default Swap (CDS) spreads through the Merton model, extended with the inclusion of a redenomination risk proxy, as to say, the risk that Italy could leave the eurozone. This paper contributes to the literature by integrating the classic Merton model with a political-sensitive market variable able to explain the greatest variance in the Italian banks' CDS spreads during the

most relevant and commonly recognized periods of socio-political and financial distress. Results show that the redenomination risk is progressively becoming the main driver of the process during crises, in particular for the sovereign debt crisis and in 2018. **TAGS:** [Financial Analysis](#); [Derivatives](#); [Sovereign risk premia](#); [Sovereign debt exposure](#); [Institutional Investors](#)

[A mismatch between External Debt Finances and Consumption Cost in Nigeria \(2020\)](#)

Cordelia Onyinyechi Omodero, Ben-Caleb Egbide, Joseph Ugochukwu Madugba, Benjamin Ighodalo Ehikioya - Covenant University Ota, Landmark University

This study scrutinizes the influence of external obligation on the cost of living in Nigeria. In recent times, Nigeria has been tagged as the headquarters of world poverty due to the unaffordable cost of living that has resulted in all manner of crimes prevailing in the country. However, the role of foreign loans being contracted by the government in reducing consumption cost has become a concern, hence this investigation. This study made use of a secondary form of statistical records covering the period 2000–2018. The result of the data analysis has shown that external debt does not improve consumption cost, but rather aids the rising cost of living in Nigeria. In a nutshell, the study suggests that the government should invest a large chunk of the borrowed funds into agriculture and local manufacturing for sufficient food supply and provision of goods and services at reasonable costs. This study recommends support for infant industries and entrepreneurship to reduce the consumption cost in the country. The study also encourages the government to seek debt rearrangement or outright revocation by the lending institutions and countries. **TAGS:** [Foreign Debt](#); [Debt Restructuring](#); [Debt relief](#); [Financial stability](#)

[A Keynesian analysis of Canadian government securities yields \(2020\)](#)

Anupam Das, Tanweer Akram - Mount Royal University, General Motors

Keynes argued that the short-term interest rate is the main driver of the long-term interest rate on government bonds. This paper empirically models the relationship between the short-term interest rate and long-term government securities yields in Canada, after controlling for other important financial variables. The statistical analysis uses high-frequency daily data from 1990 to 2018 to examine the behavioral dynamics of the long-term interest rate. The empirical results show that the actions of the Bank of Canada are key drivers of Canadian government securities yields in the long run, which supports the Keynesian perspective. There is a positive association between long-term bond yields and the Canadian federal government's net debt to GDP ratio, but the effect is fairly modest. An important implication of these findings is that the Bank of Canada's actions can have a decisive effect on the long-term interest rate over the long horizon. **TAGS:** [Financial Analysis](#); [Sovereign bonds yields](#)

[What explains the Sovereign Credit Default Swap Spreads changes in the GCC Region? \(2020\)](#)

Nader Naifar - Saud Islamic University

This paper aimed to investigate the drivers of sovereign credit risk spreads changes in the case of four Gulf Cooperation Council (GCC) countries, namely Kingdom of Saudi Arabia (KSA), the United Arab Emirates (UAE), Qatar, and Bahrain. Specifically, the authors explained the changes in sovereign credit default swap (hereafter SCDS) spreads at different locations of the spread distributions by three categories of explanatory variables: global uncertainty factors, local financial variables, and global financial market variables. Using weekly data from 5 April

2013, to 17 January 2020, and the quantile regression model, empirical results indicate that the global factors outperform the local factors. The most significant variables for all SCDS spreads are the global financial uncertainty embedded in the Chicago Board Options Exchange (CBOE) volatility index (VIX) and the global conventional bond market uncertainty embedded in the Merrill Lynch Option Volatility Estimate (MOVE) index. Moreover, the MOVE index affects the various SCDS spreads only when the CDS markets are bullish. Interestingly, the SCDS spreads are not affected by the global economic policy and the gold market uncertainties. Additionally, a weak dependence is observed between oil prices and SCDS spreads. For the country-specific factors, stock market returns are the most significant variable and impact the SCDS spreads at different market circumstances.

TAGS: [Sovereign CDS](#); [Derivatives](#); [Financial Analysis](#); [Financial stability](#)

[The driving factors of EMU Government Bond Yields: the role of Debt, Liquidity and Fiscal Councils \(2020\)](#)

Anastasios Pappas, Ioannis Kostakis - Hellenic Fiscal Council

This study presents empirical evidence about the determinants of long-term government bond yields for 19 economies of the European Monetary Union (EMU) over the period 1995–2018 within a multivariate panel framework. The fixed effects estimators reveal that the relationship between public debt to the GDP ratio and yields is non-linear. The authors observe a threshold, which is determined to be at the area 90% of the ratio of public debt to GDP. Beyond that, area government borrowing costs increase as the public debt rises. **TAGS:** [Financial Analysis](#); [Sovereign bonds yields](#); [Sovereign debt market](#); [Sovereign risk premia](#)

[CDS Auctions: an overview \(2020\)](#)

Erica Paulos, Bruno Sultanum, Elliot Tobin - Federal Reserve Bank of Richmond

CDS auctions are the main settlement mechanism for CDS contracts. The auction provides a unique price for the defaulted bond, which directly impacts the amount that the protection seller needs to pay the protection buyer if a credit event occurs. In this way, CDS auctions have direct influence on payouts in the CDS market, a market that had approximately \$10 trillion in contracts outstanding by the end of 2007. Considering the size of the CDS market, understanding how CDS auctions function is extremely important for CDS users and regulators. **TAGS:** [Financial Analysis](#); [Sovereign CDS](#); [Sovereign bonds yields](#); [Sovereign defaults](#); [Transparency](#)

[Sovereign CDS Market: the role of Dealers in Credit Events \(2020\)](#)

Lawrence Jia, Bruno Sultanum, Elliot Tobin - Federal Reserve Bank of Richmond

In this paper, the authors study the credit default swaps (CDS) position of the main dealers in the CDS market close to credit events of sovereign countries. They focus on the credit events of three countries that have faced significant financial distress in the past decade: Argentina, Venezuela, and Ukraine. After introducing the historical background of each country, the authors find that CDS dealers, defined as the top ten traders of CDS in their respective countries, tend to sell sovereign CDS (hold more negative or less positive positions) when yields/CDS spreads go up. This finding suggests that dealers perform the role of liquidity providers in times of financial distress and take the credit risk that smaller traders want to unload into the market. **TAGS:** [Financial Analysis](#); [Sovereign CDS](#); [Sovereign bonds yields](#); [Market Liquidity](#)

[Low Interest Rates, Policy, and the predictive content of the Yield Curve \(2020\)](#)

Michael Bordo, Joseph G. Haubrich - Federal Reserve Bank of Cleveland

Does the yield curve's ability to predict future output and recessions differ when interest rates are low, as in the current global environment? In this paper the authors build on recent econometric work by Shi, Phillips, and Hurn that detects changes in the causal impact of the yield curve and relate that to the level of interest rates. They explore the issue using historical data going back to the 19th century for the United States and more recent data for the United Kingdom, Germany, and Japan. This paper is similar in spirit to Ramey and Zubairy (2018), who look at the government spending multiplier in times of low interest rates. **TAGS:** [Financial Analysis](#); [Economic Forecasts](#)

[An analysis of network filtering methods to Sovereign Bond yields during COVID-19 \(2020\)](#)

Raymond Ka-Kay Pang, Oscar Granados, Harsh Chhajer, Erika Fille Legara – arXivLabs

In this work, the authors investigate the impact of the COVID-19 pandemic on sovereign bond yields amongst European countries. They consider the temporal changes from financial correlations using network filtering methods. These methods consider a subset of links within the correlation matrix, which gives rise to a network structure. The authors use sovereign bond yield data from 17 European countries between the 2010 and 2020 period as an indicator of the economic health of countries. They find that the average correlation between sovereign bonds within the COVID19 period decreases, from the peak observed in the 2019-2020 period, where this trend is also reflected in all network filtering methods. The authors also find variations between the movements of different network filtering methods under various network measures. **TAGS:** [Financial Analysis](#); [COVID-19](#); [Financial stability](#); [Sovereign bonds yields](#)

[The COVID-19 Pandemic and Sovereign Bond Risk \(2020\)](#)

Alin Marius Andries, Steven Ongena, Nicu Sprincean - Alexandru Ioan Cuza University of Iasi, University of Zurich

Governments around the world are tackling the COVID-19 pandemic with a mix of public health, fiscal, macroprudential, monetary, or market-based policies. The authors assess the impact of the pandemic in Europe on sovereign CDS spreads using an event study methodology. The authors find that a higher number of cases and deaths and public health containment responses significantly increase the uncertainty among investors in European government bonds. Other governmental policies magnify the effect in the short run as supply chains are disrupted. **TAGS:** [Sovereign CDS](#); [Financial Analysis](#); [COVID-19](#); [Financial stability](#)

[The effects of the COVID-19 Pandemic through the Lens of the CDS Spreads \(2020\)](#)

Alin Marius Andrieş, Steven Ongena, Nicu Sprincean - "Alexandru Ioan Cuza" University of Iași, University of Zurich

In this paper the authors are analysing the impact of the general lockdown measures imposed in Italy in the context of the COVID-19 pandemic on European banks' CDS spreads. Compared to the impact of the COVID-19 pandemic on sovereign risk, they find little evidence of increased bank risk following the event. However, investors' reaction was clearly negative in longer time frames. In addition, the authors quantify the feedback loop between sovereign and bank risk and document an increased interconnectedness between sovereigns and banks during the current health crisis, however with a smaller magnitude comparing to the sovereign debt crisis. Banks are now more resilient to shocks, being a direct consequence of the post-crisis regulatory

framework. TAGS: [Sovereign CDS](#); [Financial Analysis](#); [COVID-19](#); [Sovereign debt exposure](#)

[The Behavior of Sovereign Credit Default Swaps \(CDS\) Spread: evidence from Turkey with the Effect of COVID-19 Pandemic \(2020\)](#)

Mustafa Tevfik Kartal - Borsa Istanbul

This study examines how sovereign CDS spreads of Turkey behave in COVID-19 pandemic times by considering that CDS spreads reflect the riskiness, vulnerability, financial stability, and macroeconomic stability of countries and CDS spreads of most of the emerging countries have increased with the emergence of COVID-19 pandemic. Therefore, the study focuses on the year 2020 which includes before COVID-19 and COVID-19 pandemic times periods. In this context, daily data between 12.06.2019 and 06.16.2020, 6 independent variables, and 6 COVID-19 situations are analyzed by employing Multivariate Adaptive Regression Splines (MARS) method. The findings reveal that (i) influential factors on Turkey's CDS spreads are BIST100 index, VIX index, MSCI Turkey index, and USD/TL foreign exchange rates for the period which is before COVID-19 pandemic times; (ii) MSCI emerging market index, number of new deaths from COVID-19, USD/TL foreign exchange rates, weighted average cost of funds, number of new cases from Covid-19, and VIX index have effect on Turkey's CDS spreads in COVID-19 pandemic times, respectively; (iii) on the other hand, number of cumulative cases, number of cumulative deaths, and measures do not have effect on Turkey's CDS spreads in any period. Taking precautions to decrease negative effects on Turkey's CDS spreads by considering the importance of deaths number from COVID-19 pandemic is very important. Hence, Turkey could stimulate foreign portfolio investment inflows with decreasing CDS spreads. TAGS: [Sovereign CDS](#); [Financial Analysis](#); [COVID-19](#)

[Emerging Markets Sovereign spreads and country-specific fundamentals during COVID-19 \(2020\)](#)

Timo Daehler, Joshua Aizenman, Yothin Jinjarak - NBER National Bureau of Economic Research

This case study compares the importance of prevailing market factors against COVID-19 dynamics and policy responses in explaining the daily evolution of emerging market (EM) sovereign CDS spreads during the first half of 2020. The authors adopt a two-stage econometric approach. In the first stage, the authors estimate a multi-factor model for changes in EM CDS spreads over the pre-COVID-19 period of January 2014 through June 2019. Among the factors are a regional and a global one with the former capturing the CDS dynamic of a country's regional EM peers and the latter capturing the CDS dynamic of advanced economies (the US, Eurozone, and Japan). Next, the authors extrapolate model-implied changes in CDS spreads from July 2019 to June 2020. The model traces the realized sovereign spreads well over the rest of 2019, breaks down in 2020, and sees the biggest deviations from model-implied values during peak COVID in March. In the second stage, the authors find that the March 2020 divergence is partly accounted for by traditional determinants such as fiscal space, oil shocks, and monetary policies by the FED and the ECB rather than by COVID-specific risks and associated policies. In particular, COVID cases, mortalities, and virus containment policies were no significant drivers of CDS spread adjustments over this period. Overall, the study points to two results: On the one hand, the residuals during COVID suggest a time-varying relationship between sovereign CDS spreads and explanatory variables. On the other hand, the residuals were not driven by COVID-specific risks but rather by traditional drivers of sovereign debt pricing. TAGS: [Sovereign CDS](#); [Financial Analysis](#); [COVID-19](#)

Debt Restructuring

[Avoiding a Lost Decade - Sovereign Debt Workouts in the Post-COVID Era \(2020\)](#)

Lee C. Buchheit, G. Mitu Gulati - Center for Contract and Economic Organization, Duke University School of Law

All sovereign debt restructurings risk undershooting (providing less debt relief than is needed to restore the country to long-term sustainability) or overshooting (extracting more debt relief from creditors than turns out to have actually been necessary). Of these, undershooting will be the greater risk in sovereign debt workouts in the post-COVID era. Bondholders can be expected to prefer short and shallow debt restructurings that provide near-term debt relief (time enough to sell out of sticky positions). As for the future, creditors will endorse Doris Day's assessment — que será será. For their part, politicians in the debtor country may also prefer a quick restructuring that provides abundant short-term debt relief even if it complicates the life of the next administration. The last time a systemic emerging market sovereign debt crisis was handled through a series of short and shallow debt restructurings was in the 1980s. It bequeathed to the debtor countries what is still called the Lost Decade. Can a similar fate be avoided in the decade that has just begun? **TAGS:** [Debt Restructuring](#); [COVID-19](#); [Debt relief](#)

[COVID-19 Debt Relief and Sustainability Framework \(2020\)](#)

Daniel Munevar – Eurodad

A multilateral initiative that can be deployed immediately is required to address the debt challenges faced by developing countries in the post COVID-19 period. This proposal for a debt relief and sustainability framework aims to be the initial stage of such a process. It aims to provide a framework to address the challenges of a sustainable and inclusive

recovery, sustainable development and debt faced by developing countries. Its main purpose is to place the financing requirements of a COVID-19 recovery, 2030 Agenda and Paris Agreement at the centre of debt relief and sustainability efforts. These requirements need to become the starting point in the assessment of post COVID-19 debt relief efforts. **TAGS:** [Debt Restructuring](#); [Debt relief](#); [Debt sustainability](#); [COVID-19](#)

[Too Little, Too Late: Principles of Economics, Politics or the Law? The New Argentine International \(External\) Debt Restructuring Saga \(2020\)](#)

Amarilys Abreu - University of Turin

Argentina and its policymakers have managed the art of seductive economic crises, sovereign debt litigation, and international sovereign debt policy-making lobbying. Distressed debt hedge funds too. This short paper analyzes a recent public Council of the Americas' intervention of Argentina's Minister of Economy on the country's 2020 international (external) sovereign debt restructuring. In his intervention, the Minister argued that this time around the restructuring is different due to a different debt structure. The Minister also stated his principle-based position for the restructuring. The paper concludes that while the Minister's statements may hold at a macro level, at a micro level, Argentina's 2001 and 2020 restructurings converge on debt structure as defined by the Minister. On those terms, this time would not be that different. Preference and priority should also be not to do too little, too late. By analyzing key discourse of Argentina's Minister of Economy, this paper contributes answers to two central and highly-argued questions on the country's 2020 restructuring: Would this time be different? Would it be too little, too late? **TAGS:** [Debt Restructuring](#); [Sovereign debt litigation](#)

[Sovereign Debt Overhang, Expenditure Composition and Debt Restructurings \(2020\)](#)

Tamon Asonuma, Hyungseok Joo - International Monetary Fund, Wayne State University

Sovereigns' public capital influences sovereign debt crises and resolution. The authors compile a dataset on public expenditure composition around restructurings with private external creditors. The authors show that during restructurings, public investment (i) experiences severe decline and slow recovery, (ii) differs from public consumption and transfers, (iii) reduces share in public expenditure, and (iv) relates with restructuring delays. The authors develop a theoretical model of defaultable debt that embeds endogenous public capital accumulation, expenditure composition, production and multi-round debt renegotiations. The model quantitatively shows severe decline and slow recovery in public investment, i.e., "sovereign debt overhang" delay debt settlement. Data support these theoretical predictions. **TAGS:** [Debt Restructuring](#); [Sovereign defaults](#); [Debt sustainability](#)

[Macroeconomic Analysis](#)

[The public debt multiplier \(2020\)](#)

Alice Albonico, Guido Ascari, Alessandro Gobbi - University Bicocca Milan, University of Oxford, University of Milan

The authors study the effects on economic activity of a pure temporary change in government debt and the relationship between the debt multiplier and the level of debt in an overlapping generations framework. The debt multiplier is positive but quite small during normal times while it is much larger during crises. Moreover, it increases with the steady state level of debt. Hence, the call for fiscal consolidation during recessions seems ill-advised. Finally, a rise in the steady state debt-to-GDP level increases

the steady state real interest rate providing more room for manoeuvre to monetary policy to fight deflationary shocks. **TAGS:** [Debt sustainability](#); [Debt crisis](#); [Debt and recession](#)

[Future Fiscal Adjustments and Debt Sustainability \(2020\)](#)

Weshah Razzak - Massey University

The authors estimate a VAR, which summarizes the dynamics of five variables, the real price of oil, the long-run real interest rate, real GDP, the primary fiscal balance-GDP, and debt-GDP. The authors make dynamic stochastic projections and use the data to compute the annual primary fiscal balance required to achieve a particular debt-GDP target over the period from the end of the sample in 2018 to 2024. For Oman to achieve a debt-GDP target between 60 to 20 percent in 2024, it has to increase its annual primary fiscal balance by about OR 4 Billion (USD 10.4 Billion) either by increasing revenues, decrease expenditures, or both. This figure increases substantially if Oman wants to achieve the target earlier than 2024. **TAGS:** [Debt Forecasts](#); [Debt sustainability](#); [Foreign Debt](#); [Debt and fiscal/monetary policies](#)

[Debt Management and the Fiscal Balance \(2020\)](#)

Jan Toporowski - SOAS University of London

The management of government debt plays a key role in public finance. But the discussion of it is on the whole driven by political economy considerations. On the one hand, fiscal conservatives regard any government debt as a drain on future resources, and therefore to be avoided. On the other hand, Keynesians tend to dismiss concerns about government borrowing by arguing that the future growth assisted by debt-financed fiscal stimulus will allow the debt to be repaid. The conservative argument may be true of foreign borrowing, and even perhaps of domestic borrowing under a gold standard, but it is

certainly not true of domestic borrowing in a credit economy. The Keynesian case, for its part, depends on assumptions about the fiscal multiplier that need to be backed by more than mere assertions that this ratio will be sufficient. Both cases need a more careful analysis of the principles and methods of government debt management and its effect on macroeconomic dynamics: the conservative case to show the resource constraints on government debt in a credit economy, and the Keynesian case to show the effective connections between government debt and the fiscal multiplier. This policy note provides such an analysis of domestic debt financed using fiscal principles derived from the work of Michał Kalecki. TAGS: [Debt Policy](#); [Debt and growth](#); [Debt and fiscal/monetary policies](#)

[Fiscal Sustainability Assessment for Suriname 1978-2017: A Fiscal Reaction Function Approach \(2020\)](#)

Albert Mungroo, Peggy Tjon Kie Sim-Balker - Suriname Central Bank

High and unsustainable public debt is an economic problem at the center of many emerging and developing economies. This paper investigates, for the period 1978-2017, how the Surinamese Government reacted to changes in public debt for the period 1978-2017 and assesses if fiscal policy was sustainable. To do so, a fiscal reaction function was estimated by using the following econometric techniques OLS, VAR, TAR, GMM and VECM. The results showed a positive and significant, but weak, relationship between the primary balance and total debt indicating that governments do react to debt-increases by improving the primary balance. The sustainability exercise also showed that fiscal policy is sustainable. However, it is found that this sustainability was not a result of appropriate fiscal policy. While factors outside of the Governments control worsened the primary balance through declining revenues,

fiscal policy did not react swiftly by adjusting expenditures, which led to increases in inflation, affecting real interest rates, thus stabilizing debt in an unfavorable manner.

TAGS: [Debt sustainability](#); [Debt and fiscal/monetary policies](#)

[Dynamic relations Between Public External Debt and Economic Growth in African Countries: a curse or blessing? \(2020\)](#)

Benjamin Ighodalo Ehikioya, Alexander Ehimare Omankhanlen, Godswill Osagie Osuma, Ofe Iwiyisi Inua - Covenant University, National Open University of Nigeria

This paper used the Johansen Cointegration test and system Generalised Method of Moments (sysGMM) to examine the dynamic relations between external debt and economic growth in 43 African countries over the period 2001–2018. The study used data from World Development Indicators (WDI) as published by the World Bank and the World Economic Outlook database as provided by the International Monetary Finance (IMF). The study provides an understanding of how the importance of external debt could be short-lived due to its misapplication. The result reveals evidence to support a long-run equilibrium relationship between external debt and economic growth in Africa. The result demonstrates that beyond a specific capacity, the short-run converges to equilibrium in the long-run and external debt would start to have a deteriorating impact on economic growth in Africa. The findings of this study reinforce the need for policymakers to ensure proper application of external debt on economic activities that would lead to sustained long-term economic performance. Moreover, the government and development partners must put in place a monitoring mechanism to ensure the efficient use of borrowed funds. TAGS: [Financial Analysis](#); [Debt Policy](#); [Foreign Debt](#); [Debt and growth](#)

[Fiscal Sustainability in the European Countries: a Panel ARDL approach and a Dynamic Panel threshold model \(2020\)](#)

María del Carmen Ramos-Herrera, María A. Prats - University of Madrid, University of Murcia

The authors analyze the fiscal sustainability hypothesis for a panel of 20 European Union countries from 2000 to 2019. In particular, they employ new econometric methodologies that, to the best of their knowledge, are applied for the first time to the study of sovereign fiscal policy sustainability in these economies. Specifically, they estimate the panel ARDL technique, distinguishing between short- and long-run coefficients because the order of integration of their variables is not the same. Moreover, a panel threshold model with endogeneity is considered to investigate whether, departing from a particular threshold, there is different behavior between the government primary balance and public debt, both taken as a ratio of potential GDP. **TAGS:** [Debt and fiscal/monetary policies](#); [Debt sustainability](#)

[Debt sustainability in Guatemala \(2020\)](#)

Juan Catalan Herrera – IADB

This paper assesses debt sustainability in Guatemala. Debt stability has been achieved at very low expenditure levels, at the expense of adequate provisioning of public goods and services and a widening gap in social development and infrastructure. Since fiscal outcomes are not independent from fiscal policy arrangements and procedures, the paper also sets forth a hypothesis of possible institutional arrangements that have allowed for the containment of fiscal deficits for over 20 years. The paper argues that embedded in the legal framework and institutional arrangement, there is an “implicit” fiscal rule that favors stability. The paper explores characteristics of how fiscal policy is conducted, showing that government expenditures are pro-cyclical, providing room

for improvement in cycle management. Fiscal policy has been mainly concerned with stability rather than other possible goals like boosting long-run growth, attenuating business cycles, improving human development indicators, dealing with redistribution issues and other goals that fiscal policy could pursue. **TAGS:** [Debt sustainability](#); [Debt and fiscal/monetary policies](#); [Structural policies](#); [Debt and growth](#)

[Why has COVID-19 hit different European Union economies so differently? \(2020\)](#)

André Sapir – Bruegel

All European Union countries are undergoing severe output losses as a consequence of the COVID-19 crisis, but some have been hurt more than others. In response to the crisis, EU leaders have agreed on a Recovery and Resilience Fund (RRF), which will help all EU countries, but those hit hardest will benefit most. This Policy Contribution explores why some countries have been hit economically more than others by COVID-19. Using statistical techniques described in the technical appendices, several potential explanations were examined: the severity of lockdown measures, the structure of national economies, the fiscal capacity of governments to counter the collapse in economic activity, and the quality of governance in different countries. **TAGS:** [Debt and recession](#); [Financial stability](#); [COVID-19](#)

[Negative Interest Rates \(2020\)](#)

Sarkis Joseph Khoury, Poorna C. Pal - University of California, Glendale Community

Negative interest rates are an invention of monetary authorities to show that monetary activism does not have boundaries, i.e., as if there is no such thing as a liquidity trap. Their presence in the financial landscape has redefined the benefits to savers and to investors. Governments can now borrow at will without visibly adding to budget deficits.

This makes negative interest borrowing an alternative to raising taxes. Banks can now achieve regulatory compliance partially at the expense of depositors. Commercial banks pay to keep money at the central bank instead of earning interest on it. This paper shows the true nature of negative interest rates and their consequences on various economic agents and performance measures, specifically on economic growth and exchange rates. In addition, this paper demonstrates that the arguments in favor of negative interest rates have been largely exaggerated based on the weight of the evidence that shows the United States, which never issued negative interest rates debt, is a leader among developed countries in terms of economic growth in a non-inflationary environment. **TAGS:** [Financial Analysis](#); [Sovereign bonds yields](#); [Debt and fiscal/monetary policies](#); [Debt sustainability](#); [Financial stability](#)

[Testing the Ricardian Equivalence Theorem: time series evidence from Turkey \(2020\)](#)

Ahmet Salih İkiş - Muğla Sıtkı Koçman University

Two of the most common measures adopted by the government to stimulate the economy are increasing government borrowings and implementing tax cuts. These tax cuts are financed through increased debt. According to the Ricardian equivalence theory, the consumers will not change their current spending when they anticipate a tax increase in the future. In order to pay high taxes in the future, the government should increase its present savings. However, the extent of applicability of Ricardian equivalence could vary across nations. In this context, the present study explores the long-running relationship between domestic borrowing and private savings in Turkey. For this purpose, the researcher collected the data for key variables, gross domestic savings, and government debt, for the period of 1980–2017. The researcher used unit root,

cointegration, VECM, and the Granger causality test to examine the relationships among the variables. Apart from this, ARDL regression was used in order to examine the long-term relationships among the variables. The empirical results indicate that there is presence of bidirectional causality, indicating that Ricardian equivalence is applicable in the economy. Households display a rational behavior by increasing their savings during the periods in which high government expenditure is incurred. **TAGS:** [Debt and fiscal/monetary policies](#); [Financial stability](#)

[The implication of fiscal principles and rules on promoting sustainable public finances in the EU countries \(2020\)](#)

Mihaela Onofrei, Anca Gavriluță (Vatamanu), Ionel Bostan, Florin Oprea, Gigel Paraschiv, Cristina Mihaela Lazăr - Alexandru Ioan Cuza University, University of Suceava, Bucharest Polytechnic University

The purpose of this study was to analyze fiscal behavior in the European Union countries, to highlight the implications of institutional constraints on healthy fiscal attitudes, and to test the relationship between government decisions, fiscal responsibility instruments, and the sustainability of public finances during the period 2000–2014. By using panel data analysis, the authors tested the responsiveness of primary balance to government indebtedness, as well as to some determinants of fiscal responsibility, such as the degree of public spending or fiscal rules effectiveness, and the authors included two different perspectives regarding fiscal rules status. First, the authors computed a fiscal responsibility index, which measures the applicability of or compliance with the fiscal rules, referring to legal dimensions and administrative and institutional capacity. Second, they established a fiscal responsibility convergence index, which measures the status of the EU Member States regarding the approach of numerical rules. The empirical

findings indicate that fiscal authorities do not act to the existing stock of public debt and highlights a negative response of budget balances to the stock of outstanding debt. Fiscal position improves when the index of fiscal responsibility is involved and countries become more sustainable when they are related to the entire level of fiscal governance, with respect to legal framework, institutional and administrative capacity, but at the debt ratio threshold of over 90%, the effect of the overall fiscal rule comes out as less relevant for the improvement of the primary balance.

TAGS: [Debt and fiscal/monetary policies](#); [Debt sustainability](#); [Financial stability](#)

[Determinants of the Public Debt in the Eurozone and its sustainability amid the Covid-19 Pandemic \(2020\)](#)

Hernán Ricardo Briceño, Javier Perote - Department of Economics and Economic History and Instituto Multidisciplinar de Empresa (IME) University of Salamanca

Different economic studies have been concentrated on specific and/or isolated factors to explain public debt evolution. In this article the authors have developed an integrated viewpoint based on financial, social and governance or institutional factors. Under their dynamic econometric assessment for the last two decades (i.e., since the Euro currency inception), economic growth, interest rate, life expectancy at birth, unemployment, government effectiveness and the last sovereign debt crisis have resulted as being the major determinants of its evolution. Public debt sustainability must be assessed continuously with the aim to discuss technical recommendations to maintain it at an even rate, to allow sustainable economic growth and better life standards, in the context of life expectancy increasing and stable governance and institutional conditions. Undoubtedly, the Covid-19 pandemic leads more damaged Eurozone countries with negative real economic growth and high unemployment

rates to increase dramatically their current public debts, to such an extent that they could fall into unsustainable paths. Therefore, substantial reforms in European pension and unemployment insurance systems are necessary conditions to ensure public debt sustainability amid Covid-19 pandemic. **TAGS:** [Debt Policy](#); [Debt and fiscal/monetary policies](#); [Economic Forecasts](#); [COVID-19](#); [Debt sustainability](#); [Financial stability](#)

[Covid-19: has the time come for Mainstream Macroeconomics to rehabilitate Money Printing? \(2020\)](#)

Axelle Arquíe, Jérôme Héricourt Fabien Tripier – CEPII

The scale of public expenditure to be incurred in the Covid-19 health crisis is raising heated debates about the appropriate funding. Long rejected by mainstream macroeconomics due to its possible inflationary consequences, monetization is currently undergoing a surprising rehabilitation. Defined as the financing of public expenditure by money issuance -without the government ever reimbursing the central bank-, monetization appears as an attractive solution in a context where the burden of public debt could become particularly problematic due both to the persistent threat of secular stagnation and the massive Covid-19 shock. This policy brief offers some theoretical insights into this debate opposing monetization and issuance of additional public debt. The authors first clarify what is happening to current debt and how its sustainability can be assessed, before examining how current mainstream macroeconomics can be used to rehabilitate the use of monetization of public spending. In conclusion, the authors draw attention to the particular democratic challenges implied by such a policy in the Euro area context, in terms of balance of powers between European institutions. [...] **TAGS:** [Debt Policy](#); [Debt composition](#); [Debt and fiscal/monetary policies](#); [Financial stability](#); [COVID-19](#)

[Debt and Deficit Growth rate reporting for Post-Communist European Union Member States \(2019\)](#)

Andrzej Paczoski, Solomon T. Abebe, Giuseppe T. Cirella - University of Gdańsk, Polo Centre of Sustainability

A focalized analysis and reporting on the problems of general government debt (GGD) and government deficit (GD) and their influencing factors on economic growth rate tell the story of positive, neutral, and negative economies. Research was conducted over a nineteen-year period between 2000 and 2018 on all eleven post-communist European Union Member States (MS). MSs are divided into three regional blocks: (1) the Baltic countries, (2) Central and Eastern European countries, and (3) the Balkan countries. Reviewed literature examined different types of GGD and GD with denoted influence on each MS's economy and government. GGD and GD increase as a result of State intervention by reacting to economic fluctuations needed in creating redistributive-related fiscal policy. A breakdown of the problems of fiscal policy is explained. Datasets were compiled and systematically analyzed using Eurostat indicators. European regulatory benchmarking was used for GGD and GD as a percentage of gross domestic product. Results were divided at the regional group level. Comparative tax systems based on total general government revenue as well as total tax and contribution rate were evaluated. Histo-geographical research was considered and a comparative examination of GGD, GD and growth rate illustrated. In terms of GGD, GD, and growth rate, the Baltic countries were best situated, while all other countries were generally stable—with the exception of Hungary, Croatia, and Slovenia. In all, negative or stagnant periods revealed a general positive trend throughout the study with the exception of the world financial crisis of 2008, in which a deteriorative impact on growth rate

was evident in all MS—especially from 2009. In the latter years, MSs' economic promise signals a high potential for renewed public finance and stability initiatives. TAGS: [Debt and growth](#); [Debt and fiscal/monetary policies](#); [Debt sustainability](#); [Financial stability](#)

[Economic Policies](#)

[Does public debt secure social peace? A diversionary theory of public debt management \(2020\)](#)

Maxime Menuet, Patrick Villieu - University of Orléans

This study analyzes the strategic use of public debt. Contrary to the classical view that politicians can use public debt to tie the hands of their successors, the authors show that an incumbent government can take advantage of having tied its own hands before the election with the help of public debt. By doing this, it reduces the basis for future social conflicts and benefits from social peace during its term, which may enhance its chances of being re-elected. In addition, in the case of foreign or external public debt, the incumbent can strategically divert future social conflicts toward a common enemy (foreign creditors). Thus, by increasing public debt before the election, the incumbent can strengthen social cohesion during his/her mandate, both by reducing the basis of internal conflicts and by diverting citizens from internal toward external rent-seeking activities. TAGS: [Debt Policy](#); [Debt and fiscal/monetary policies](#); [Foreign Debt](#)

[Fiscal space in the euro area before Covid-19 \(2020\)](#)

Jérôme Creel - OFCE Sciences Po

Numerical simulations of fiscal space in the euro area, based on 12 different situations, point to the large uncertainty surrounding the capacity of Member States to pay back their public debts. Debt sustainability appears to

depend crucially on long-term nominal interest rate being lower than nominal growth for a long period. Only in this case do major European countries experience some additional fiscal space. Although the analytics behind this exercise is common knowledge among macroeconomists, it gives an order of the magnitude of fiscal space in the euro area and it confirms that interactions between the ECB and governments are key to escape the public finances consequences of an exogenous global shock like Covid-19. **TAGS:**

[Debt and fiscal/monetary policies](#); [Debt sustainability](#); [COVID-19](#)

[Debt Sustainability in Guatemala: Institutional Arrangement and Quantitative Analysis \(2020\)](#)

Juan Carlos Catalán-Herrera - Banco de Guatemala

This paper assesses debt sustainability in Guatemala. Debt stability has been achieved at very low expenditure levels, at the expense of adequate provisioning of public goods and services and a widening gap in social development and infrastructure. Since fiscal outcomes are not independent from fiscal policy arrangements and procedures, the paper also sets forth a hypothesis of possible institutional arrangements that have allowed for the containment of fiscal deficits for over 20 years. The paper argues that embedded in the legal framework and institutional arrangement, there is an “implicit” fiscal rule that favors stability. The paper explores characteristics of how fiscal policy is conducted, showing that government expenditures are pro-cyclical, providing room for improvement in cycle management. Fiscal policy has been mainly concerned with stability rather than other possible goals like boosting long-run growth, attenuating business cycles, improving human development indicators, dealing with redistribution issues and other goals that fiscal policy could pursue. **TAGS:** [Debt](#)

[sustainability](#); [Debt and fiscal/monetary policies](#); [Debt and growth](#)

[Mexico Needs a Fiscal Twist: Response to Covid-19 and Beyond \(2020\)](#)

Swarnali Ahmed Hannan, Keiko Honjo, Mehdi Raissi - International Monetary Fund

Mexico’s fiscal response to the pandemic has been modest compared to its peers, reflecting the authorities’ desire to not issue new debt for spending. This approach, however, risks a more severe recession and a weaker economic recovery, with further costs in the future. Balancing the need for stronger near-term fiscal support for the people and the recovery against medium-term discipline, this paper lays out an alternative strategy. The authors show that credibly announcing a pro-growth and inclusive medium-term fiscal reform upfront—including increased tax capacity, higher public investment and strengthened social safety nets—would open space for larger short-term support and close medium-term fiscal gaps. Model simulations suggest that this package would boost output, limit lasting economic damage from the pandemic, and put debt trajectory on a declining path in the medium term as tax reforms pay off and risk premia decline. **TAGS:** [Debt and fiscal/monetary policies](#); [Debt Policy](#); [Debt and growth](#); [Debt sustainability](#); [COVID-19](#)

[Post COVID-19 Exit Strategies and Emerging Markets Economic Challenges \(2020\)](#)

Joshua Aizenman, Hiro Ito - University of Southern California, Portland State University

The authors outline two divergent exit strategies of the U.S. from the post COVID-19 debt-overhang, and analyze their implications on Emerging Markets and global stability. The first strategy is the U.S. aiming at returning to the 2019, pre-COVID mode of loose fiscal policy and accommodating monetary policy. The short-term benefits of this strategy

include faster economic growth as long as the snowball effect – the difference between the interest rate on public debt and the growth rate – is negative. This strategy may entail a growing tail risk of a deeper crisis triggered by a future reversal of the snowball effect, inducing a deeper future sudden stop crises and instability of Emerging Markets. The authors illustrate this scenario by evaluating Emerging Markets’ lost growth decade during the 1980s, triggered by the massive reversal of the snowball effect in the U.S. during 1974-1984. The second strategy entails a two-pronged approach. First, turning U.S. fiscal priorities from fighting COVID’s medical and economic challenges, towards investment in social, medical and physical infrastructures. Second, with a lag, promoting a gradual fiscal adjustment aiming at reaching overtime primary-surpluses and debt resilience. The authors illustrate this scenario by reviewing the exit strategy of the U.S. post-WWII, and its repercussions on the ‘Phoenix Emergence’ of Western Europe and Japan from WWII destruction. The contrast between the two exit strategies suggests that the two-pronged approach is akin to an upfront investment in greater long-term global stability. The authors also empirically show how lowering the cost of serving public debt has been associated with higher real output growth. TAGS: [Debt and fiscal/monetary policies](#); [COVID-19](#); [Debt sustainability](#); [Debt and growth](#); [Sovereign bonds yields](#)

[Manufacturing Risk-free Government Debt \(2020\)](#)

Zhengyang Jiang, Hanno N. Lustig, Stijn Van Nieuwerburgh, Mindy Z. Xiaolan - Kellogg School of Management, Stanford Graduate School of Business, Columbia University Graduate School of Business, University of Texas

When debt is priced fairly, governments face a trade-off between insuring bondholders and taxpayers. If the government decides to fully

insure bondholders by manufacturing risk-free debt, then it cannot insure taxpayers against permanent macro-economic shocks over long horizons. Instead, taxpayers will pay more in taxes in bad times. Conversely, if the government insures taxpayers against adverse macro shocks, then the debt becomes at least as risky as un-levered equity. Only when government debt earns convenience yields, may governments be able to insure both bondholders and taxpayers, and then only if the convenience yields are sufficiently counter-cyclical. TAGS: [Debt and fiscal/monetary policies](#); [Sovereign bonds yields](#)

[Administering Money: Coinage, Debt Crises, and the Future of Fiscal Policy \(2020\)](#)

Rohan Grey - Cornell University

The power to coin money is a fundamental constitutional power and central element of fiscal policymaking, along with spending, taxing, and borrowing. However, it remains neglected in constitutional and administrative law, despite the fact that money creation has been central to the United States’ fiscal capacities and constraints since at least 1973, when it abandoned convertibility of the dollar into gold. This neglect is particularly prevalent in the context of debt ceiling crises, which emerge when Congress fails to grant the executive sufficient borrowing authority to finance spending in excess of taxes. In such instances, prominent legal and economic scholars have argued that the President should choose the “least unconstitutional option” of breaching the debt ceiling, rather than impeding on Congress’s even more fundamental powers to tax and spend. However, this view fails to consider a fourth, arguably more constitutional option: minting a high value coin under an obscure provision of the Coinage Act, and using the proceeds to circumvent the debt ceiling entirely. Reintroducing coinage into our fiscal discourse raises novel and interesting

questions about the broader nature of, and relationship between “money” and “debt.” It also underscores how legal debates over fiscal policy implicate broader social myths about money. As we enter the era of digital currency, creative legal solutions like high value coinage have the potential to serve as imaginative catalysts that enable us to collectively develop new monetary myths that better fit our modern context and needs.

TAGS: [Debt Policy](#); [Debt and fiscal/monetary policies](#); [Debt crisis](#)

[Government Debt limits and stabilization Policy \(2020\)](#)

Daniel Murphy, Eric Young - Federal Reserve Bank of Cleveland

The authors evaluate alternative public debt management policies in light of constraints imposed by the effective lower bound on interest rates. Replacing the current limit on gross debt issued by the fiscal authority with a limit on consolidated debt of the government can ensure that output always reaches its potential, but it may permit excess government spending when the economy is away from the effective lower bound. The welfare-maximizing policy sets the gross debt limit to the level implied by Samuelson (1954), while the central bank finances government spending with money when the economy is at the effective lower bound. **TAGS:** [Debt Policy](#) [Debt sustainability](#); [Debt and growth](#); [Cost and Risk](#); [Debt and fiscal/monetary policies](#)

[How loose, how tight? A measure of monetary and fiscal stance for the euro area \(2020\)](#)

Nicoletta Batini, Alessandro Cantelmo, Giovanni Melina and Stefania Villa - IMF and Bank of Italy

This paper builds an index to examine the evolution of the joint monetary and fiscal policy stance in the euro area and its three largest member countries (France, Germany

and Italy). The index provides an estimate of the overall stance of economic policies by quantifying the impact of conventional and unconventional fiscal and monetary policies on aggregate demand. The overall stance has been driven by an accommodative fiscal policy since the global financial crisis, which then turned restrictive due to the sovereign debt crisis. Since then, economic activity in the euro area and in its largest economies has been almost uniquely sustained by the ECB's accommodative monetary policy. The fiscal policy stance has subsequently become widely heterogeneous across euro-area countries. **TAGS:** [Debt and fiscal/monetary policies](#); [Debt and growth](#)

[Public Debt as private liquidity: optimal policy \(2020\)](#)

George-Marios Angeletos Fabrice Collard Harris Dellas - National Bureau of Economic Research

The authors study the Ramsey policy problem in an economy in which public debt contributes to the supply of assets that private agents can use as buffer stock and collateral, or as a vehicle of liquidity. Issuing more debt eases the underlying financial friction. This raises welfare by improving the allocation of resources; but it also tightens the government budget by raising the interest rate on public debt. In contrast to the literature on the Friedman rule, the government's supply of liquidity becomes intertwined with its debt policy. In contrast to the standard Ramsey paradigm, a departure from tax smoothing becomes desirable. Novel insights emerge about the optimal long-run quantity of public debt; the optimal policy response to shocks; and the sense in which a financial crisis presents the government with an opportunity for cheap borrowing. **TAGS:** [Debt Policy](#); [Financial Analysis](#)

[Transmission channels of Central Bank Asset purchases in the Irish Economy \(2019\)](#)

Cormac Cawley, Marie Finnegan - School of Business Galway, Ireland

The European Central Bank (ECB) engaged in an expanded asset purchase programme (APP) from 2014 to 2018 to help achieve their primary objective of price stability. Total assets purchased over this period was over €2.5 trillion and new net purchases ended in December 2018. This paper identifies whether the ECB's APP in Ireland operated through the portfolio rebalancing channel, the signalling channel or the lending channel. It presents a quantitative descriptive analysis of some key Irish data sets in the 2014–2018 period and uses time-series visualisation and trend analysis to identify trends and correlations. There are a number of preliminary findings. First, much downward pressure on sovereign debt yields and spreads had occurred before the APP began due to previous accommodative monetary policy and the signalling channel. Second, the corporate-sector purchase programme (CSPP) did impact on targeted bonds and may have had spill overs to non-targeted bonds. Third, the APP did not lead to much increased lending to the SME sector. Fourth, while households did engage in traditional portfolio rebalancing, Irish banks did not and were perhaps more motivated to meet their capital requirements and manage their level of reserves. This is a first step towards understanding the transmission channels of ECB policy in Ireland and more work needs to be done to detangle the transmission of the most recent APP from other factors and consider these findings in the context of theoretical models. Such work is important to help inform policy makers on enhancing the transmission mechanism to the Irish economy of the recently launched new ECB asset purchase programme from November 2019. TAGS: [Debt and fiscal/monetary policies](#); [Sovereign debt market](#); [Sovereign bonds yields](#)

[Multilateral Financing](#)

[Study on the sovereign debt sustainability in Greece during the economic adjustment programmes: 2010-2018 \(2020\)](#)

Cinzia Alcidi, Angela Capolongo, Daniel Gros - CEPS.EU

In 2018, Greece exited from eight years of adjustment programmes. Three programmes totalling €288 billion of financial assistance were made available to Greece – the first of the euro area countries to request emergency financial support to avoid default. At the time, no EU mechanism existed to deal with a sovereign debt crisis. This study presents an assessment of the role of sovereign debt sustainability in the three adjustment programmes for Greece, focusing on five dimensions: (i) debt sustainability assessment, (ii) debt restructuring, (iii) structural reforms, (iv) the impact of PSI and (v) access to markets. The three programmes were different and their evolution reflects changes in players and economic-political context. Overall, the overarching objective of debt sustainability and market access seems to have been achieved only by the third programme. OSI played a key role in this. The assessment of PSI is mixed: while nominal debt was reduced, debt-to-GDP ratio only fell one year, and then returned to its previous level. Delays and a lack of implementation of reforms broadly emerge as major obstacles to the success of the programmes, their impact on sovereign debt sustainability appears mostly indirect. TAGS: [Multilateral financing](#); [Debt sustainability](#); [Debt Restructuring](#); [Structural policies](#); [Sovereign debt market](#)

[Is the World Bank's COVID crisis lending big enough, fast enough? New evidence on loan disbursements \(2020\)](#)

Julian Duggan, Scott Morris, Justin Sandefur, George Yang - Center for Global Development

The World Bank has forecast an unprecedented global recession in 2020-21, and the reversal of a decades-long fall in global poverty, provoking an acute need for short-term financing in low- and lower-middle income countries. Critics contend that the Bank has failed to rise to this challenge, acting slowly to increase lending volumes and resisting calls for a multilateral debt standstill. The authors compile a new data set, combining official sources with transaction-level records scraped from the World Bank website, spanning all commitments, disbursements, and payments on all World Bank loans from before the 2008-09 Global Financial Crisis (GFC) through August 2020, allowing us to compare the Bank's COVID response to the last comparable global crisis.

The authors find that lending has indeed accelerated in 2020, with new loan commitments up 118 percent year on year in the first seven months of 2020, but actual disbursements up only 31 percent. The latter represents less than half the increase in monthly disbursements observed during the GFC. At this rate, the Bank appears to be on track to fulfill only half of its own target of \$160 billion in new lending by June 2021. TAGS: [Multilateral financing](#); [COVID-19](#); [Debt sustainability](#); [Debt relief](#); [Debt and growth](#); [World Bank](#)

Reports

2020

[World Bank to Support Serbia Manage Fiscal Risks](#)

World Bank

The World Bank has launched a new advisory project to support Serbia build further resilience against fiscal risks and reduce the country's vulnerability to financial and economic shocks. The project will assist the Ministry of Finance in strengthening legislation and institutions to better manage fiscal risks.[...] TAGS: [Debt and fiscal/monetary policies](#); [GDRM Program](#); [World Bank](#)

[Indonesia – A Recipe for Stronger Financial Risk Management](#)

World Bank

Indonesia gradually adopted an asset and liability management (ALM) approach, looking at both sides of the sovereign balance sheet. Today, the Indonesian government has a broader picture of financial risk exposure by incorporating central bank and state-owned enterprise data in addition to public debt into their financial risk management decisions. The Government Debt and Risk Management (GDRM) program played a significant role in Indonesia's adoption of the ALM approach. TAGS: [Cost and Risk](#); [Sovereign ALM](#); [GDRM Program](#); [World Bank](#)

[Promoting better engagement on ESG between investors and sovereign debt managers](#)

Farah Imrana Hussain - World Bank

The World Bank Treasury just released a guide for sovereign debt managers on why and how they should engage proactively and systematically with investors on environmental, social and governance (ESG) issues. Titled "Engaging with Investors on Environmental, Social and Governance (ESG) Issues," the guide leverages the World Bank Treasury's experience in developing sustainable capital markets, a series of roundtable discussions, and surveys of debt managers and investors to outline practical

24

steps sovereign issuers can take to engage with investors.[...] TAGS: [Debt Policy](#); [Primary market](#); [Best Practices](#); [World Bank](#); [Bond market development](#)

[Helping Sovereign Debt Managers Meet Investor Expectations for ESG Information](#)

World Bank

A wide array of investors uses environmental, social, and governance (ESG) criteria in their investment process, including those focused on emerging market debt. While some countries are engaging with investors proactively, most debt managers are still trying to understand existing trends and investor preferences in the ESG field. The World Bank just released a guide that presents a toolkit of key actions that can help debt managers engage with investors on ESG issues. TAGS: [Debt Policy](#); [Primary market](#); [Best Practices](#); [World Bank](#); [Bond market development](#)

[Asian Development Outlook \(ADO\) 2020 Update: Wellness in Worrying Times](#)

Asian Development Bank

As the COVID-19 pandemic continues to disrupt global economic activity, developing Asia's gross domestic product is now expected to contract by 0.7% in 2020. GDP is projected to grow by 6.8% in 2021. TAGS: [Debt and growth](#); [Debt sustainability](#); [Economic Forecasts](#)

[Portugal's Performance after the Macroeconomic Adjustment Programme](#)

Christian Weise - European Commission

Portugal experienced a deep economic and financial crisis that led to an EU/IMF programme from 2011 to 2014. Key indicators had been improving significantly since about 2013 and, at the outset of the COVID-19 outbreak in early 2020, the country had reached a much better position in which unemployment was low, there was a balanced government budget, government bonds had a stable investment rating and net immigration was positive.[...] TAGS: [Multilateral financing](#); [Debt sustainability](#); [Structural policies](#)

[Economic Bulletin - Issue 6 / 2020](#)

European Central Bank

At its monetary policy meeting on 10 September 2020, the Governing Council decided to keep its accommodative monetary policy stance unchanged. Incoming information suggests a strong – though incomplete – rebound in activity broadly in line with previous expectations, although the level of activity remains well below the levels prevailing before the coronavirus (COVID-19) pandemic. While activity in the manufacturing sector has continued to improve, momentum in the services sector has slowed somewhat recently. [...] TAGS: [Debt Statistics](#); [Debt and fiscal/monetary policies](#)

[Russians' Budgets in H1 2020](#)

Alexander Deryugin - Russian Presidential Academy of National Economy and Public Administration (RANEPA)

In H1 2020, tax and non-tax revenues of the consolidated budgets of subjects of the Russian Federation contracted by 8.9% in relation to the corresponding period of 2019, which is close to the corresponding index for the first 5 months of the current year and marks stabilization of the situation following the collapse seen in April and May. Simultaneously, the outstripping growth of fiscal transfers from the federal budget has resulted not only in cutting budget revenues in the lower-revenue regions but to ensure high growth rates. [...] TAGS: [Debt Statistics](#); [Debt and fiscal/monetary policies](#); [Subnational debt](#)

[Municipal and Sub-Federal Debt Market in 2019](#)

Artem Shadrin - Gaidar Institute for Economic Policy

At year-end 2019, the regional consolidated budgets and local government off-budget funds' budgets ran a surplus of RUB 17.4 billion or 0.02 percent of GDP (contraction by around 30-fold over the year). To compare, in 2018 the regional consolidated budgets and local government off-budget funds' budgets ran a surplus of RUB 512.9 billion or 0.49 percent of GDP. [...] TAGS: [Subnational debt](#); [Debt Statistics](#)

[Exploring the impact of EU bonds on the EGB market](#)

Luca Cazzulani, Matthias Dax, Julian Kreipl – Unicredit

The ECB's strong presence in the sovereign-bond market, which we expect to continue through next year, together with robust demand from foreign central banks will further increase the scarcity of safe assets in the euro area. The EU will become a key player in the EUR-denominated SSA primary market, but we do not expect that the higher liquidity and volume of EU bonds will negatively influence demand for other Supras and Agencies due to the relatively small yield pickup they offer. TAGS: [Primary market](#); [Debt and fiscal/monetary policies](#); [Secondary Markets](#); [Market Liquidity](#); [Sovereign bonds yields](#)

[ESMA makes new bond liquidity data available](#)

ESMA

The European Securities and Markets Authority (ESMA), the EU's Securities Markets Authority, has today made available new data for Bonds subject to the pre- and post-trade requirements of the Markets in Financial Instruments Directive (MiFID II) and Regulation (MiFIR) through its data register. TAGS: [Debt Statistics](#); [Secondary Markets](#); [Market Liquidity](#)

[Joint Committee report on risks and vulnerabilities in the EU financial system - September 2020](#)

ESMA

Uncertainties about the medium- and long term economic consequences of the COVID-19 pandemic are still very high, and lead to a fragile market environment going forward. Financial markets are vulnerable to potential decoupling of financial market performance from underlying economic activity, raising questions about the sustainability of the market recovery. [...] TAGS: [Financial Analysis](#); [Financial stability](#); [Secondary Markets](#); [Market Liquidity](#)

[BIS global liquidity indicators at end-June 2020](#)

BIS

US dollar credit to non-bank borrowers residing outside the United States grew by 6% year-on-year, to reach \$12.7 trillion at end-June 2020. - In each of the three major currencies (USD, EUR, JPY), credit to non-residents grew more slowly than credit to residents of the respective currency areas in Q2. - Dollar credit to emerging market and developing economies (EMDEs) expanded by 7% year-on-year, passing the \$4 trillion mark. Issuance of debt securities remained the main driver of growth. TAGS: [Market Liquidity](#); [Debt Statistics](#)

[Bank of Russia Monetary Policy Guidelines for 2021 - 2023](#)

Bank of Russia

The Monetary Policy Guidelines for 2021–2023 are a strategic document of the Bank of Russia stipulating the regulator's key approaches to maintaining price stability. It elaborates on inflation targeting policy, including its goals, principles, and instruments employed. Russia has been following

the inflation targeting regime since 2015. Its consistent usage has helped significantly reduce inflation and maintain it close to 4%. [...] TAGS: [Debt and fiscal/monetary policies](#); [Debt Forecasts](#); [Economic Forecasts](#); [Debt Policy](#); [COVID-19](#)

[Capital Markets Union, Key Performance Indicators - Third Edition October 2020](#)

AFME

This report is the third edition in a series of annual reports, which tracks the development of a European capital markets system. The report assesses Europe's progress in improving the depth of its capital markets against 7 key performance indicators, as well as providing an industry perspective on some of the challenges and barriers that might impede its development. [...] TAGS: [International and Macprudential Regulations](#); [Primary market](#); [Secondary Markets](#); [Financial stability](#)

[Country Default Spreads and Risk Premiums - July 2020](#)

Aswath Damodaran - [stern.nyu](#)

This table summarizes the latest bond ratings and appropriate default spreads for different countries. While you can use these numbers as rough estimates of country risk premiums, you may want to modify the premia to reflect the additional risk of equity markets. To estimate the long term country equity risk premium. TAGS: [Sovereign Credit Ratings](#)

[Egypt's maiden green bond - a first for the Middle East and Africa](#)

Gregory Smith - [Bond Vigilantes](#)

Egypt's green bond is part of the country's innovative debt management strategy that aims to diversify its investor base, while shifting to longer-term borrowing. The plan is for long-term debt to constitute 52% of its borrowing by mid-2022. The government has regularly issued in USD and EUR, and is working to make its local currency debt more appealing and more easily cleared. It has also signalled its intention to soon add sukuk to its portfolio. TAGS: [Primary market](#); [Debt composition](#); [Sovereign bond market](#); [Bond market development](#)

[Borrowing costs after debt relief](#)

Valentin Lang, David Mihalyi, Andrea Presbitero - [University of Mannheim](#), [Natural Resource Governance Institute](#), [Johns Hopkins University](#)

To mitigate the effects of the Covid-19 crisis, the international community has endorsed a programme suspending debt service payments for poor countries. This column shows that the programme has led to a substantial decrease in sovereign borrowing costs by providing liquidity. Importantly, the results do not lend support to the widespread concern that such debt relief could generate stigma and signal debt sustainability concerns. [...] TAGS: [Debt relief](#); [Debt sustainability](#); [Market Liquidity](#); [Sovereign risk premia](#)

[Economic consequences of Covid-19: A counterfactual multi-country analysis](#)

Alexander Chudik, Kamiar Mohaddes, M. Hashem Pesaran, Mehdi Raissi, Alessandro Rebucci - [Federal Reserve Bank of Dallas](#), [University of Cambridge](#), [Economics at the University of Southern California](#), [IMF](#), [Johns Hopkins Carey Business School](#)

The Covid-19 pandemic is unprecedented in its global reach and impact, posing formidable challenges to policymakers and to the empirical analysis of its direct and indirect effects within the interconnected global economy. This column uses a 'threshold-augmented multi-country econometric model' to help quantify the impact of the Covid-19 shock along several dimensions. The results of the analysis show that the global recession will be long lasting, with no country escaping its impact

regardless of their mitigation strategy. These findings call for a coordinated multi-country policy response to the pandemic. TAGS: [Economic Forecasts](#); [COVID-19](#); [Debt and fiscal/monetary policies](#)

[Managing post-Covid sovereign debts in the euro area](#)

Stefano Micossi – Assonime

As the world comes to terms with a post-Covid reality, the euro area must confront its growing fiscal and sovereign debts. This column argues that common euro area policies are justified in order to address sovereign debt externalities and risks to financial stability. It considers a mechanism involving large transfers of euro area sovereigns from the ECB to the ESM as a possible way forward [...] TAGS: [Debt and fiscal/monetary policies](#); [Financial stability](#); [Debt sustainability](#); [Cost and Risk](#); [COVID-19](#)

[The COVID-19 crisis and its implications for fiscal policies](#)

Stephan Haroutunian, Sebastian Hauptmeier and Nadine Leiner-Killinger – ECB

While eleven countries recorded budgetary surpluses in 2019, all euro area countries are expected to record budget deficits in excess of the 3% of GDP reference value this year. The largest deficits are forecast for Belgium, Spain, France and Italy, which were among those countries that entered the crisis with high government debt-to-GDP ratios. [...] TAGS: [COVID-19](#); [Debt and fiscal/monetary policies](#); [Debt sustainability](#); [Debt Forecasts](#)

[Common Eurobonds should become Europe's safe asset - but they don't need to be green](#)

Alexander Lehmann – Bruegel

The plan to fund the European Union's recovery programme via debt issuance has raised hopes that a new type of euro-denominated safe asset could emerge. As a priority, the European Commission needs a strategy to create a liquid and transparent market in EU bonds. For now, funding through EU green bonds would complicate that effort. TAGS: [Primary market](#); [Sovereign bond market](#); [Bond market development](#)

[Sustainable visual analysis for Bank Non-Performing Loans and Government Debt distress](#)

Li Liu, Yumin Liu, Jong-Min Kim - Zhengzhou University, University of Minnesota-Morris

This article visualizes bank non-performing loans (NPLs) and government debt distress data integration and an outcome classification after the outbreak of European sovereign debt. Linear and functional principal component analysis (FPCA) and biclustering are used to show the clustering pattern of NPLs and government debt for 25 EU and BRICS countries (Brazil, Russia, India, China and South Africa) during the period of 2006 to 2017 through high-dimensional visualizations. The results demonstrate that the government debt markets of EU countries experienced a similar trend in terms of NPLs, with a similar size of NPLs across debt markets. [...] TAGS: [Contingent Liabilities](#); [Debt crisis](#); [Debt sustainability](#); [Financial stability](#)

[Ensuring Financial Stability in the Era of COVID-19: recommendations for Latin America and the Caribbean](#)

Liliana Rojas-Suarez, Andrew Powell - Center for Global Development

With a surging pandemic, income losses, and a deepening recession, Latin America and the Caribbean is facing a health and economic crisis that will test its financial systems like few events in modern times. The blow, however, can be softened. Banks as well as governments and central banks can play a crucial role, providing financing to lessen the impact on families and firms and to speed the recovery. [...] TAGS: [Debt Restructuring](#); [Multilateral financing](#); [Debt and fiscal/monetary policies](#); [Financial stability](#); [COVID-19](#)

[The International Architecture for resolving Sovereign Debt involving private-sector creditors' recent developments, challenges, and reform options](#)

IMF

There have been significant developments in sovereign debt restructuring involving private-sector creditors since the IMF's last stocktaking in 2014. While the current contractual approach has been largely effective in resolving sovereign debt cases since 2014, it has gaps that could pose challenges in future restructurings. TAGS: [Multilateral financing](#); [COVID-19](#); [Debt sustainability](#); [Debt relief](#); [Debt and growth](#); [Debt Restructuring](#)

[Public and Private Debt after the Pandemic and Policy normalization](#)

Thomas A. Lubik, Felipe F. Schwartzman - Federal Reserve Bank of Richmond

The fiscal response to the economic disruptions caused by the COVID-19 pandemic has generated a significant increase in public debt. At the same time, it seems likely that private debt also will increase. The rise in indebtedness has implications for the effectiveness of monetary policy and might also lead to pressure on the central bank to maintain low interest rates for an extended period of time. Although the challenge of normalizing monetary policy while reducing debt appears daunting, historical episodes, especially in the case of the United States, suggest that it is feasible. This could require an unusual degree of coordination between fiscal and monetary policymakers. TAGS: [Debt and fiscal/monetary policies](#); [COVID-19](#); [Financial stability](#); [Debt sustainability](#)

[The future of debt, inflation and global rates](#)

Krystyne Manzer – RBC

More than a decade following the global financial crisis, we find ourselves recovering from a new recession - this time bringing different questions and new implications for the global economy. The world has never suffered such a precipitous drop in economic activity before. Much remains uncertain with regards to how it will play out. While the world appears to be tentatively getting back on its feet, the pace of full recovery has been hotly debated. Uncertainty around the progressive spread of the virus remains high. [...] TAGS: [Debt sustainability](#); [Debt and growth](#); [Debt and fiscal/monetary policies](#); [COVID-19](#)

[Growing momentum for sovereign green bonds](#)

OECD

The green bond market has deepened and expanded in recent years, with diversified investors such as various corporate entities and local governments. Amid the COVID-19 pandemic, sovereign green-bond issuers have kept the issuance momentum in 2020 with several re-openings and a few inaugural issuances including Germany and Sweden. TAGS: [Debt Policy](#); [Primary market](#); [Sovereign debt market](#); [Bond market development](#); [OECD](#)

[Finance & Development - September 2020 – Resilience - Healing the Fractures](#)

IMF

A Quarterly Publication of the International Monetary Fund. In this issue: Reinhart and Rogoff on debt on P.12; Conquering the great divide on P.17; Race in economics on P.36. We must use this crisis to build new and stronger bonds, in our communities, in our countries, and globally. TAGS: [COVID-19](#); [Debt sustainability](#); [Structural policies](#); [Primary market](#); [Debt crisis](#); [Multilateral financing](#)

[Italy's public debt: new challenges brought on by the COVID-19 crisis](#)



Loredana Maria Federico - UniCredit Bank, Milan

The COVID-19 crisis will weigh heavily on global public-debt dynamics. This constitutes a vulnerability, particularly for Italy. In this note, we provide an assessment of the consequences for Italy of running a higher public-debt/GDP ratio and update our debt sustainability analysis. The authors' main conclusion is as follows: 1. a more-favorable starting point in terms of interest rates mitigates the risk related to an increase in the fiscal burden of debt; and 2. despite its higher level, Italy's public-debt/GDP ratio is projected to decline if interest rates align with market expectations. [...] TAGS: [COVID-19](#); [Structural policies](#); [Cost and Risk](#); [Debt sustainability](#); [Financial stability](#)

[2020 Catastrophe Bond & ILS issuance hits \\$8.25bn, spreads continue rise](#)

Steve Evans - Artemis.bm

Cat bond issuance has continued apace in recent weeks, with total catastrophe bond and related insurance-linked securities (ILS) issuance for 2020 so far now reaching almost \$8.25 billion, according to Artemis' Deal Directory data. TAGS: [Primary market](#); [Bond market development](#)

[Impact bonds](#)

The GO Lab

This guide will explore what impact bonds are, the evidence to date and how they work in practice in different countries around the world. TAGS: [Primary market](#); [Bond market development](#)

[Monetary management, financial markets and public debt: responding to Covid-19 and the economic standstill](#)

Andrew Donaldson - Covid19 Economy Group

A substantial programme of bond purchases by the SARB is proposed below, aimed at meeting short-term liquidity requirements and stabilising long-term capital market rates at sustainable levels. [...] TAGS: [Debt and fiscal/monetary policies](#); [COVID-19](#)

[DERA Economic and Risk Outlook - April 2020](#)

S.P. Kothari - DERA Research Staff

Economic Activity in the United States and Globally is on Pause to Battle the Coronavirus (COVID-19) Pandemic: To combat the coronavirus pandemic, policymakers have enacted stay-at-home orders for nonessential workers and encouraged citizens to practice social distancing. These actions, while necessary for public health, prevent many consumers and firms from engaging in their typical, day-to-day economic activities.[...] TAGS: [Economic Forecasts](#); [Financial Analysis](#); [COVID-19](#)

News

What's new area of the PDM Network site proposes [a daily selection of news on public debt management](#) from online newspapers and info providers, as well as [the most recent documents and reports](#) uploaded on the website. Subscribers also receive the weekly newsletter [Emerging Sovereign Debt Markets News](#) drafted by the PDM Secretariat and based on *Thomson Reuters* © information services.



Events and Courses

Please note that the following list contains only events yet to be held at the date of the newsletter, in chronological order. Due to current coronavirus pandemic, many events have been cancelled or postponed, therefore we decided to maintain in the website only confirmed events, according to information contained in their original pages. We have employed maximum care to update this information, but we apologise in advance if some mistakes still remain.

We suggest to regularly visit the "[Events](#)" section of our website, since the Secretariat adds regularly new events in advance to their dates and deadlines.

23 – 27 November 2020; JVI, Virtual Training
[Public Financial Management and Administrative Reforms](#)

23 – 24 November 2020; ECB, Frankfurt am Main
[ECB conference on money markets](#)

26 – 27 November 2020; Corvinus University of Budapest, Hungary
[11th Annual Financial Market Liquidity Conference](#)

27 November 2020; CESifo, CEPIE and IFO Institute
[14th Workshop on Political Economy](#)

1 – 3 December 2020; Futures Industry Association USA, the St. Regis Singapore
[FIA Asia Derivatives Conference](#)

2 – 3 December 2020; GFCMediaGroup.com, Virtual Conference
[Bonds & Loans Latin America 2020](#)

3 December 2020; afme, Virtual
[Global Financial Market Association's Annual Conference on Sustainable Finance](#)

8 – 9 December 2020; GFCMediaGroup.com, Virtual Conference
[Bonds, Loans & Sukuk Middle East 2020](#)

8 December 2020; KangaNews, Auckland

[2020 KangaNews New Zealand Debt Capital Markets Summit](#)

10 – 11 December 2020; Bank of Italy, Rome
[CEPR International Macroeconomics and Finance \(IMF\) Programme Meeting 2020](#)

10 – 11 December 2020; Cbonds, Saint Petersburg
[XVIII Russian Bond Congress](#)

14 – 15 December 2020; University of Zurich, Online
[Public Finance in Developing Countries](#)

15 December 2020; Center of Excellence in Finance (CEF), live video
[Navigating Towards the "New Normal" Economy](#)

3 – 5 January 2021; American Economic Association, Virtual
[Challenges and Opportunities in Emerging Markets and Economies](#)

03 January 2021; American Economic Association, Virtual
[Effects of COVID-19](#)

11 – 14 January 2021; IMF, Virtual
[Strengthening Budget Institutions \(SBI\)](#)

12 – 14 January 2021; Euromoney conferences, virtual

[The Central & Eastern European Forum 2021](#)

12 – 15 January 2021; Banque de France, Paris
[Green Finance](#)

13 January 2021; Euromoney conferences, virtual
[The Virtual CEE Covered Bond Briefing 2021](#)

8 - 12 February 2021; Banque de France, Paris
[Operational risk management in a central bank](#)

12 February 2021; CEPR, Rotterdam. The Netherlands
[CEPR Conference: The Politics of Regulation and Central Banking](#)

24 February 2021; gfcmediagroup, Shangri-La Bosphorus, Istanbul
[Bonds, Loans & Sukuk Turkey](#)

24 – 25 February 2021; afme, Virtual
[12th Annual Spanish Capital Markets Virtual Conference, in collaboration with AEB](#)

15 March 2021; Crownagents, Dubai, United Arab Emirates
[Public Debt Management: Issues and Solutions](#)

22 – 23 March 2021; ECB, Frankfurt am Main - Germany
[ECB-RFS Macro-Finance Conference](#)

24 – 25 March 2021; DDC, Hybrid
[The Global Debt Business Summit](#)

29 March – 30 April 2021; UNITAR, Web Based
[Ethics in Public Finance \(2020\)](#)

29 March – 30 April 2021; UNITAR, Web Based
[Principles of Central Bank Reserve Management \(2020\)](#)

26 – 28 April 2021; EUI, EUI Premises, Florence
[Managing and Understanding Sovereign Risks](#)

17 – 18 May 2021; King's Business School, Bush House, Strand Campus, London
[QCGBF Annual Conference 2021 - Challenges facing Central Banks in the 2020s](#)

30 May – 1 June 2021; Florence School of Banking and Finance, Italy
[Liquidity, crisis and public policies: a model-based approach](#)

1st June 2021; gfcmediagroup.com, Fairmont Hotel, Riyadh
[Bonds, Loans & Sukuk Saudi Arabia](#)

24 - 25 June 2021; The World Bank, Washington, DC
[Annual Bank Conference on Development Economics 2020: Global Unrest](#)

6 September 2021; Crownagents, London, United Kingdom
[Public Debt Management: Issues and Solutions](#)

[PDM Network in Figures](#)

As of **23rd November 2020**, total documents and reports available on the PDM Network website were **8,033**. Events and News uploaded on the website since **January 2019** were respectively **516** and **10,785**. This newsletter is sent to **951** Subscribers from emerging and advanced countries.



Special Thanks

The PDM Secretariat is grateful to Coşkun Cangöz, Banu Turhan and Bryan Gurhy (World Bank), Tanweer Akram (General Motors), and various DMOs for information on new documents and reports.

Our Subscribers

Please note that subscription is intended for individuals only and does not entail any support to PDM Network activities by the Institutions the Subscribers work for. Individuals who subscribed to the PDM Network belong to a worldwide range of Institutions, including the following:

Asian Development Bank, African Development Bank, African Forum and Network on Debt and Development, Association of International Wealth Management of India, Association of Finance Officers (AFO), Aix-Marseille School of Economics, AKK Government Debt Management Agency, Albanian MoF, Angolan MoF, Argentine MoF, Argentinian Ministry of Economy of the Province of Buenos Aires, Asian Development Bank, Association for Financial Markets in Europe, Athens University of Economics & Business, Austrian Central Bank, Austrian DMA, Autonomous Sinking Fund of Cameroon, Azerbaijan Ministry of Finance, Bangladeshi Ministry of Finance, Bank For International Settlements, Bank of Italy, Bank Of Korea, Bank Of Zambia, Barclays Capital, BE Berlin Economics GmbH, Belgian Central Bank, Belgian DMA, Belgrade Banking Academy, Bosnia and Herzegovina - Federal Ministry of Finance, Brazilian Court of Audit, Brazilian MoF, Bukar Abba Ibrahim University, Bulgarian MoF, Burkina Faso MoF, Ca' Foscari University, Cameroonian Ministry of Finance, Canadian Government, Capitad, Cardiff Business School, Cass Business School, Cbonds Group, Center for Natural Resource Studies, Central Bank of Guinea, Central Bank of Kenya, Central Bank of Nepal, Central Bank of Sudan, Centre Virtuel de la Connaissance sur l'Europe, Cfc Stanbic Kenya Bank, CNRS, Centre national de la recherche scientifique, Colombian MHCP, Columbia Business School, Commonwealth Secretariat, Community Investors Development Agency, Congolese Ministry of Finance, Budget and Public Portfolio, Crown Agents, Cypriot Central Bank, Cypriot MoF, Czech Central Bank, Czech MoF, Danish Central Bank, Danish MoF, Debt Relief International, Deloitte, Dubai International Financial Centre, Dominican MoF, Dubai Government, Dubai MoF, Dutch Central Bank, Dutch DMA, Dutch MoF, Eastern Caribbean Central Bank, Econviews, Egyptian MoF, Embassy Of Turkey, Office Of Economic Affairs, Estonian MoF, Ethiopian MoF, Euromoney, EBRD, European Central Bank, European Commission, Exchange Data International Limited, Ernst & Young, Federal Department of Foreign Affairs, Federal Reserve Bank of Chicago, Fiji MoF, Finnish MoF, Fiscal Council of Romania, French Central Bank, French DMA, French MoF, FTI, GEFIN - State Finance Managers Group, Georgian MoF, German Central Bank, German Finance Agency, German Institute for Economic Research, German Jubilee Campaign, Ghanaian Central Bank, Ghanaian MoF, Global Action for Africa's Development, Governance Commission For Government-Owned & Controlled Corporations, Government of Antigua and Barbuda, Government of Saint Lucia, Government of Sindh, Graduate School of International Development (Nagoya University), Greek Central Bank, Greek DMA, Greek MoF, Grenada Ministry of Finance, Guyana Ministry of Finance, Harvard University, Hong Kong Monetary Authority, HSBC, Hungarian DMA, Hungarian National Bank, Inter-American Development Bank, Icelandic Central Bank, Icelandic DMA, International Finance Corporation, Illinois Institute of Technology, IMF-International Monetary Fund, Indian NIPF, Indian Reserve Bank, Indonesian Central Bank, Indonesian MoF, Innovative Development Strategies Pvt. Ltd., Instituto superior de economia e gestao, Intesa Sanpaolo S.p.A., INTOSAI, Irish NTMA, International Social-Economic Development for Africa, Israeli Central Bank, Israeli Ministry of Finance, Italian MoF, Italian Senate, CRIEP, ITAM, Japan Bank for International Cooperation, Japanese MoF, JCVF Consulting, Jordanian Central bank, Jordanian MoF, Johannesburg Stock Exchange Limited, Jubilee Germany, Kenyan Central Bank, Kenyan MoF, Korea Bond Pricing, Latvian DMO, Lebanese MoF, Lesotho Central Bank, Linus Capital, Lisbon School of Economics & Management, Lithuanian MoF, Lithuanian National Audit Office, London Business School, Luxembourg MoF, MAK Azerbaijan Ltd, Malawian Reserve Bank; Maldives MoF, Maltese Central Bank, Maltese Treasury, Mauritius Ministry of Finance and Economic Development, MEFMI, Mexican MoF, Michele Robinson Consult, Ministry of Economy and Finance of Peru, Ministry of Economy and Public Finance of Bolivia, Ministry of Finance and Corporate Governance of Antigua, Ministry of Finance and Economic Development of Zimbabwe, Ministry Of Finance of Benin, Ministry Of Finance of Comores, Ministry of Finance of Saint Lucia, Ministry of Finance of St. Vincent and the Grenadines, Ministry Of Finance of Suriname, Ministry of Finance of the Russian Federation, Ministry Of Finance Trinidad and Tobago, Ministry of Foreign Affairs of Egypt, Ministry Of Public Finance of Guatemala, Moldovan MoF, Moody's Investors Service, Moroccan MoF, Mozambique Ministry of finance, Namibian MoF, National Bank of Abu Dhabi, National Chengchi University, New South Wales Treasury Corporation,

Nicaraguans Ministry of Finance and Public Credit, Nigerian DMO, Central Bank of Norway, Norwegian MoF, OECD, NS&I Government Payment Services, Oliver Wyman, One2five advisory, Oxford Policy Management, Pakistani MoF, Papua NG Treasury, Paraguayan Ministry of Finance, Philippine Bureau of the Treasury, Philippines Ministry of Finance, Polish MoF, Portuguese Central Bank, Province of British Columbia, Republic of Macedonia MoF, Reykjavik Academy, Romanian Court of Accounts, Romanian MoF, Rothschild Group, Rwandan Mof, Sain Kitts & Nevis MoF, San Diego State University, The Superior Audit Office of Mexico, SCMHRD-MBA Symbiosis, Senegalese Mof, Serbian Mof, Setif University , Slovak DMA, Slovenian MoF, Solomon Island Central Bank, South African National Treasury, South Korean MoF, Southern African Development Bank, Sovereign Analytics llc, Spanish Central Bank, Spanish MoF, Sri Lanka Central Bank, Stanford University, Storkey & Co Limited, Sudan Central bank, Sun Yat-sen University , Suriname Debt Management Office, Swaziland's MoF, Swedish DMO, Tandem Global Partners, Tanzanian MoF, Tribunal de Contas da Uniao, Thai MOF, The American College of Greece, The Audit Board of The Republic of Indonesia, The Economist Intelligence Unit, The George Washington University, The Government of Anguilla, The Gulf Bond and Sukuk Association, GBSA, The Milken Institute, The Ministry of Finance Grenada, The ONE Campaign, The People's Bank of China, The Pragma Corporation, The World Bank, Thrivent Financial, Timor-Leste MOF, Tudor Investment Corporation, Turkish Treasury, UK Central Bank, UK DMO, UN Department for Economic and Social Affairs, United Nations Conference on Trade and Development, Union Bank Of Nigeria, Universidad de los Andes, Universidad EAFIT, University "Dunarea de Jos" Galati, University of Antwerp, University of Bologna, University of Brussels, University of Campinas, University of Catania - Department of Economics and Business, University of Glasgow, University of London, Birkbeck, University of Maryland, University of Milan, University of Molise, University of Naples Federico II, University of Navarra, University of Piraeus, University of Rome "Roma Tre", University of Rome La Sapienza, University of Rome Tor Vergata, University of Sussex, University of Tokyo, University of Trieste, University of Tuzla, University of Varna, University of Vienna, University of Viterbo "La Tuscia", University of Zagreb, University of Zimbabwe, University of Zurich, Uruguayan MoF, US Treasury, Versed Professional Services, Vietnamese Mof, Walton College of Business, West African Monetary Union, World Bank Treasury, Wrightson ICAP, Zambia Revenue Authority, Zhongnan University of Economics and Law.