MEF Dipartimento del Tesoro | OECD BETTER POLICIES FOR BETTER LIVES | WORLD BANK GROUP

PDM NETWORK

Bimonthly Newsletter

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The bimonthly PDM Network Newsletter is a short report including a selected list of recent **papers, reports, blog articles, job vacancies, courses, call for papers and other upcoming events** concerning public debt management worldwide. Such documents have been also published on the [PDM Network website](#) during the previous two months. The documents the PDM Network Secretariat deems most interesting are grey highlighted. The PDM Network Newsletter is published every two months (January, March, May, July, September, and November). Please feel free to suggest any **relevant documents, news, and events** by contacting the [PDM Network Secretariat](#). We will be happy to share selected resources with our Network.

Contents

PDM Webinar Series

STAY TUNED! PDM Webinar Series #4: The Role of Parliaments in the Oversight of Public Debt Management - Forthcoming

[PDM Webinar Series #3: Primary Dealer Systems: Models and Experiences Across Countries - March 5, 2024](#)

PDM Network

The third webinar of the PDM Webinar Series entitled Primary Dealer Systems: Models and Experiences Across Countries, successfully concluded on March 5, 2024. The event featured as speakers Giovana Leivas Craveiro, Head of Local Trading Desk, National Treasury, Brazil, Luis Alexander Lopez Ruiz, Deputy Director of Domestic Financing, Ministry of Finance, Colombia, Fabrizio Tesseri, Head of Medium-Long term Funding, Ministry of Finance, Italy, with Zsolt Bango, Senior Financial Sector Specialist, FCI, World Bank, moderating the event. [...] **TAGS:** [PDM Webinar Series](#) [PDM Network](#) [Primary Dealer](#) [Brazil](#) [Colombia](#) [Italy](#)

Highlights

CALL FOR PAPERS - 3rd PDM Conference - October 3-4, 2024, Washington, DC

PDM Network

Following the success of the previous editions (2019 in Paris, France, and 2022 in Rome, Italy), the Public Debt Management Network, an initiative jointly fostered by the OECD, the Italian Treasury and the World Bank, is pleased to announce the call for papers for the 3rd edition of the biennial Public Debt Management Conference, which will be held in Washington DC, United States, on October 3-4, 2024.

SUBMISSION DEADLINE EXTENDED: APRIL 15, 2024

Special Focus

Sustainable Financing of Development and Infrastructure

Marcelo M. Giugale - World Bank

Sustainable Financing of Development and Infrastructure: A Handbook for Borrowers and Lenders is based on insights from the Multilateral Cooperation Center for Development Finance and Asian Infrastructure Investment Bank's workshop series of the same name. The handbook explains the entire sovereign debt process—from its fiscal roots, medium-term strategies, and borrowing plans, to its risks, transparency, and institutions. It reviews methodologies, norms, and practices, and guides the reader through case studies and hands-on exercises. With ten chapters and a synthesis written by renowned experts in their fields, the handbook brings the reality of public debt management to life through country experiences and the lessons they offer. Its ultimate objective is to provide both borrowers and lenders with the tools they need to make the financing of development and infrastructure efficient, effective, and, above all, fiscally sustainable. **TAGS:** Contingent Liabilities Debt Policy Accounting Reporting and Auditing Debt Transparency Foreign Debt Institutional and Organizational Framework Debt sustainability

Sustainability-Linked Bonds: How to Make Them Work in Developing Countries, and How Donors Can Help

OECD

This report provides an overview of developments, challenges and opportunities in the new sustainability-linked bond market, with a spotlight on public sector issuances in the wake of the first two sovereigns entering this space in 2022. Building on insights from extensive consultations with experts and stakeholders as well as data provided by the Luxembourg Stock Exchange via the LGX DataHub, the report highlights how tailored and well-timed donor engagement can facilitate market growth. It outlines six constraints that are preventing this market from reaching scale in developing countries and corresponding ways that donor support can help overcome these. **TAGS:** OECD **Climate finance** **Climate change** Multilateral financing

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Liquidity and Resilience in the Core European Sovereign Bond Markets

Andy Hill, Simone Bruno - ICMA

In 2023, in response to a request from members, ICMA created a Bond Market Liquidity Taskforce (BMLT) to take a deep dive into bond market microstructures and liquidity conditions with a view to identifying potential vulnerabilities and providing recommendations to increase resilience. The analysis is based on both quantitative and qualitative data. This first phase of the BMLT's work focuses on core European sovereign bond markets: Germany, France, Italy, Spain, and the UK. […]**TAGS:** Market Liquidity Sovereign bond market Derivatives Repos Transparency Germany Italy Spain UK

[Global Debt Report 2024: Bond Markets in a High-Debt Environment]
OECD
The Global Debt Report examines sovereign and corporate debt markets, providing insights into current market conditions and associated policy considerations, including possible financial stability risks. This first edition consolidates the Sovereign Borrowing Outlook, previously a separate OECD publication, and introduces new chapters on corporate bond markets and sustainable bonds. Chapter 1 provides an overview of sovereign borrowing globally and an outlook for OECD countries, with a focus on the impact of recent developments in funding conditions and changes to the investor base. Chapter 2 explores global corporate bond market dynamics, build-up of risks and vulnerabilities and the impact of a changing macrofinancial landscape. Chapter 3 looks at trends in global sustainable bond markets and discusses policy considerations such as the sustainability premium, the roles of service providers and market liquidity. **TAGS:** OECD Sovereign debt market Sovereign borrowing Market liquidity **Green bonds** Sustainable bonds

[The Legal Foundations of Public Debt Transparency: Aligning the Law with Good Practices]
Karla Vasquez et al. - IMF
Debt opacity burdens the public and can exacerbate debt vulnerabilities in many countries. Both low-income and developing countries and emerging market economies have critical gaps in debt transparency, and the implementation of international standards and guidelines has lagged. The paper surveys the legal frameworks of sixty jurisdictions and reveals the critical weaknesses that hinder debt transparency, which include weak reporting obligations, limited coverage of public debt, inadequate monitoring, unclear borrowing and delegation processes, unfettered confidentiality arrangements and weak accountability mechanisms. Because laws entrench practices and bind the discretion of policy makers and debt managers alike, subjecting them to public scrutiny, legal reform is a necessary part of any solution to the problem of hidden debt, though it may entail a difficult and time intensive process in many jurisdictions. **TAGS:** Debt Transparency Institutional and Organizational Framework Reporting and Auditing Accountability Legal Framework International Standards and Guidelines

Documents

Debt Policy

[How to Ease Rising External Debt-Service Pressures in Low-Income Countries]
Allison Holland, Ceyla Pazarbasioglu - IMF
As 2024 starts, the good news is that there haven't been any notable requests by a low-income country for comprehensive debt relief since Ghana's, more than a year ago. Despite this, vulnerabilities remain, with high debt servicing costs a growing challenge for low-income countries. Financing pressures due to relatively high interest payments and the pace at which low-income countries need to repay debt are straining budgets. That prevents these countries from spending more on essential services or the critical investment needed to attract business, create jobs, improve prosperity, and build climate resilience. [...] **TAGS:** Blog Foreign Debt Debt relief Debt Restructuring Debt sustainability Multilateral financing

[The Investment Imperative and the Debt Roadblock: Proposals for the G7]
Dileimy Orozco, Eleonora Cogo - E3G, ECCO
High-interest rates and high debt levels directly limit investment capacity in African countries, including climate-focused investments. This creates a risk of a vicious cycle of

underdevelopment and delayed climate preparedness, with potential social and economic implications intensifying over time and spillover effects beyond national borders. There is clear private sector financial retrenchment from Low- and Middle-Income Countries (LMICs), including IDA-eligible countries of which 39 are in Africa. In 2022, private creditors withdrew U$189 billion more in principal repayments than they provided in loans, the first time that private creditors have taken out a greater amount than they invested in developing nations since 2015. Chinese development finance from its two policy banks has decreased, and hit a 13 year low in 2021; meanwhile, finance from multilateral creditors has provided a steady lifeline for countries, increasing 1.5% to US$115.6 billion in 2022. [...] **TAGS:** Climate finance Climate change Debt sustainability Interest Rates Multilateral financing

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Escape Clauses for Escaping Default

Rodrigo Ernesto Caputo, Felix Ordonez - University of Santiago Chile

The authors study the benefits of introducing escape clauses into debt limit rules. These clauses mitigate the trade-off between expanding government transfers and repaying debt, that policymakers face in recessions. In adverse cycles, the government can issue more debt to sustain government transfers and debt payments, reducing both the probability of default and the sovereign spread. The benefits of escape clauses are present even when they are not active. **TAGS:** Escape clauses Sovereign defaults Sovereign spread

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Debt Policy Under Military Threat

Michel Strawczynski - Hebrew University of Jerusalem

This paper introduces military threat to a framework of optimal fiscal policy that considers the need of tax smoothing and debt management. Military threat implies higher government spending and taxes, accompanied by discrete jumps of defense spending to confront actual conquering attempts by rivals. After designing an optimization framework, the author uses evidence from Israel, a country characterized by a high historical debt that has been reduced for the sake of future generations. His framework allows for assessing the impact of military events on the desired debt path. By running a simulation with parameters from actual fiscal policy in Israel the author finds a delay on the debt reduction path of seven years, caused by military confrontations. This figure is slightly higher than the desired optimal delay obtained by calibrating a theoretical framework. **TAGS:** Debt and fiscal/monetary policies Debt management

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Diaspora Bonds: Patriotism or Investment?

Michael Bradley, Irving De Lira Salvatierra, Mitu Gulati - Duke University, University of Virginia School of Law

In the world of sovereign debt instruments, the Holy Grail is the GDP indexed bond, which is a borrowing instrument that operates counter cyclically. A sovereign would make smaller payments to lenders when times were tough and higher payments during good times. If such products were to be used, the risk of severe and widespread sovereign financial crises could (potentially) be ameliorated. However, attempts to market these products, except in a few pockets, have not prospered. The Israeli diaspora bonds program – while not fitting the conventional conception of a GDP indexed bond -- might have found the magic elixir. Spreads between Israeli diaspora bonds and conventional bonds suggest a countercyclical payment pattern. The Israeli program may be sui generis. But it is also possible that its design contains clues as to how to design a successful countercyclical sovereign financing program. **TAGS:** Debt and growth Debt Policy Sovereign bond market

Restoring Growth and Tackling Public Debt in Italy

Cyrille Schwellnus - OECD

Italy has weathered recent crises well, but growth is now slowing amid tightening financial conditions. Public debt remains among the highest in the OECD, limiting the space for continued fiscal policy support. The 2024 OECD Survey of Italy discusses fiscal and structural reforms to tackle high public debt and restore growth. Under current tax and spending policies, public debt is on an upward trajectory (Figure 1). Over 2024-40, spending on pensions, health and long-term care is projected to increase by about 2½ percent of GDP and debt servicing costs could rise by 2% of GDP if interest rates remain high. [...] **TAGS:** Blog Debt sustainability Debt and growth

Cost and Risk

Financial Crises and Sovereign Debt Sustainability Risks: Exploring the Link

Ivan Paya, Álvaro Fernández-Gallardo Romero - University of Alicante

This paper is the first to empirically examine the link between financial crises and the total public debt burden, that is, the interaction between the level of debt and the unit cost of servicing the debt r-g. The authors do this for 18 advanced economies over 150 years. Their analysis reveals three novel findings. First, the authors document that the level of public debt and the interest-growth differential exhibited contrasting patterns over extended periods of time. Second, the authors uncover a plausible causal effect that runs from the total burden of public borrowing prior to a financial crisis to the severity of the crisis. Third, they show that, whilst sovereign debt sustainability risks do not systematically precede financial crises, these crises, when they occur, do systematically worsen both the level and the cost of public debt, thus increasing the likelihood of sovereign debt crises in the aftermath of financial crises. **TAGS:** Cost and Risk Debt sustainability Debt crisis

Sovereign Risk Dynamics in the EU: The Time Varying Relevance of Fiscal and External (Im)Balances

António Afonso, José Alves, Sofia Monteiro - ISEG

Acknowledging the potential detrimental impact that twin-deficits may have on sovereign risk, this study uses a two-step approach to assess the impact of fiscal and external sustainability on sovereign risk dynamics for a panel of 27 European Economies between 2001Q4 and 2022Q3. To do so, the authors first estimate a country-specific time-varying measure of fiscal sustainability, through the cointegration between government revenues and expenditures, and of external sustainability, derived from the exports-imports cointegration. The authors then resort to those time-varying coefficients to assess their impact on sovereign risk, proxied by 10-year CDS and CDS spreads (against the US) making use of Weighted Least Squares (WLS) analysis. Noticeably, the authors show that an improvement of both fiscal and external sustainability lead to a reduction in sovereign risk. This phenomenon becomes notably pronounced, particularly when examining countries experiencing an upward trajectory in their public debt levels. **TAGS**: Cost and Risk Debt sustainability Sovereign debt risk

Sovereign Debt Tolerance with Potentially Permanent Costs of Default

Marcos Chamon, Francisco Roldán - IMF

The authors investigate the effect of uncertainty about the nature of output costs of sovereign default on debt tolerance. While the theoretical literature assumes output losses lasting until market access is restored, the empirical evidence points to persistent effects, and output may not return to its pre-default trend. The authors include such uncertainty in a model of sovereign default and find that it can significantly boost equilibrium debt levels. They also consider a government which is averse to this type of uncertainty and seeks robust decision rules. The authors calibrate the model to match evidence on the output trajectory around debt restructuring episodes and infer output costs of about the size found in the empirical literature, alongside significant uncertainty about their permanence and a strong desire for robustness. **TAGS:** Sovereign debt market Sovereign Defaults Debt Restructuring Sovereign debt risk

Accounting, Statistics, Reporting and Auditing

I (Don't) Owe You: Sovereign Default and Borrowing Behavior

Dimitris Georgarakos, Alexander Popov - ECB

Using microdata from a U.S. household survey, the authors document that immigrants who lived through a sovereign default episode are 6% less likely to hold debt relative to otherwise similar immigrants who reside in the same U.S. state and come from the same foreign country but who did not experience a default. Conditional on holding debt, consumers in the former group borrow less and service lower debt burdens. The negative effect on borrowing behavior of having experienced a sovereign default increases with family size and declines with education. These findings highlight the role of personal experience in shaping households' financial decisions. **TAGS:** Sovereign defaults Reporting and Auditing

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News and Views on Public Finances: A Survey Experiment

Jan Behringer et al. - Macroeconomic Policy Institute (IMK)

The authors use novel German survey data to investigate how perceptions and information about public finances influence attitudes towards public debt and fiscal rules. On average, people strongly underestimate the debt-to-GDP ratio, overestimate the interest-to-tax-revenue ratio and favor a tighter German debt brake. In an information treatment experiment, people consider public debt to be a more (less) severe problem once they learn the actual debt-to-GDP or interest-to-tax-revenue ratio is higher (lower) than their estimates. However, the treatment effects partly vanish when anchoring respondents' beliefs with historical public debt figures. The authors find no treatment effects on attitudes towards the debt brake. **TAGS:** Debt and growth Reporting and Auditing

Active Debt Management

Euro Interest Rate Swap Yields: a GARCH Analysis

Tanweer Akram, Khawaja Mamun - Citibank, Sacred Heart University (SHU)

This paper models the month-over-month change in euro-denominated (EUR) long-term interest rate swap yields. It shows that the change in the short-term interest rate has an economically and statistically significant effect on the change in EUR swap yields of different maturity tenors, after controlling for various macroeconomic and financial variables, such as the month-over-month change in inflation or core inflation and the growth of industrial production, and the percentage change in the equity price index, the exchange rate, and the size of the European Central Bank's (ECB) balance sheet. It uses a generalized autoregressive conditional heteroskedasticity (GARCH) approach to model the dynamics of the monthly change in EUR swap yields and their volatility. The results of the estimated models of EUR swap yields of different maturity tenors extend the Keynesian view that the central bank's monetary policy actions have a decisive influence on long-term government bond yields and long-term market interest rates, primarily through their effects on the current short-term interest rate. **TAGS:** Debt and fiscal/monetary policies Financial Analysis Interest Rates Swap Derivatives

Financial Analysis

Across the Borders, Above the Bounds: A Non-Linear Framework for International Yield Curves

Laura Coroneo, Iryna Kaminska, Sergio Pastorello - University of York, Bank of England, University of Bologna

This paper presents a non-linear framework to evaluate spillovers across domestic and international yield curves when policy rates are constrained by the zero lower bound. Based on the sample of US and UK data, the authors estimate a joint shadow rate model of international yield curves, accounting for the zero lower bound, no-arbitrage conditions within and between government bond markets, and the global nature of some of the bond risk factors. Results indicate that the post-2009 US monetary policy transmission mechanism and its spillover effects on the UK yield curve are non-linear and asymmetric. **TAGS:** Financial Analysis Sovereign bond yields Debt and fiscal/monetary policies

Federal Reserve Speeches and Sovereign Credit Risk

Abhinav Anand et al. - Indian Institute of Management Bangalore

The authors examine the spillover effect of Federal Reserve Board of Governors' speeches on sovereign credit risk and find that the tone of speeches negatively impacts sovereign credit spreads. Speeches that are forward-looking have a stronger impact. Cross-sectionally, the impact is stronger for countries with high external debt and those with high exchange rate stability. The authors further decompose the sovereign credit spread to examine the impact of speeches on the credit risk premium and find a significant positive impact on it. Their results indicate that while Fed speeches contain important information about economic conditions in the US, they can have a major influence on the perceived creditworthiness of other countries as well. **TAGS:** Credit Default Swaps Sovereign Credit Risk Credit spread

The Collapse of External Finance to Developing Countries

Ishac Diwan, Brendan Harnoys-Vannier - Finance for Development Lab

The most recent information on sovereign debt was released by the World Bank in late 2023 (World Bank 2023), and it covers developments up to the end of 2022. In this note, the authors examine aggregate trends, with a special focus on the financial situation of the low-income countries and the lower-middle-income countries (LLMICs), and the movement of funds from/to the official sector and the financial markets. […] **TAGS:** Financial Analysis Foreign Debt

Empirical Models of Chinese Government Bond Yields

Tanweer Akram, Shahida Pervin - Citibank, Meiji Gakuin University

This paper econometrically models the dynamics of long-term Chinese government bond (CGB) yields based on key macroeconomic and financial variables. It deploys autoregressive distributive lag (ARDL) models to examine whether the short-term interest rate has a decisive influence on the long-term CGB yield, after controlling for various macroeconomic and financial variables, such as inflation or core inflation, the growth of industrial production, the percentage change in the stock price index, the exchange rate of the Chinese yuan, and the balance sheet of the People's Bank of China (PBOC). The findings show that the short-term interest rate has an economically and statistically significant effect on the long-term CGB yield of various maturity tenors. John Maynard Keynes claimed that the central bank's policy rate exerts an important influence over long-term government bond yields through the short-term interest rate. The paper's findings evince that Keynes's claim holds for China, implying that the PBOC's actions are a driver of the long-term CGB yield. This means that policymakers in China have considerable leeway in fiscal and monetary operations, government deficit finance, and central government debt management. **TAGS:** Sovereign bond yields Keynes

Interest Rate Dynamics: An Examination of Mainstream and Keynesian Empirical Studies

Tanweer Akram, Khawaja Mamun - Citibank, Sacred Heart University (SHU)

This paper critically reviews both mainstream and Keynesian empirical studies of interest rate dynamics. It assesses the key findings of a selected number of these studies, surveying the debates between the mainstream and the Keynesian schools. It also explores the debates on interest rate dynamics within the Post Keynesian school of thought. Lastly, the paper identifies the critical questions relevant for future empirical research. **TAGS:** Interest Rates Interest Rate Swaps Keynes

The Macrodynamics of Indian Rupee Swap Yields

Tanweer Akram, Khawaja Mamun - Citibank, Sacred Heart University (SHU)

This paper econometrically models the dynamics of Indian rupee (INR) swap yields based on key macroeconomic factors using the autoregressive distributive lag (ARDL) approach. It examines whether the short-term interest rate has a decisive influence on long-term INR swap yields after controlling for other factors, such as core inflation, the growth of industrial production, the logarithm of the equity price index, and the logarithm of the INR exchange rate. The estimated models show that the short-term interest rate has an important influence on swap yields. This implies that the Reserve Bank of India (RBI) can sway borrowing and lending rates not just on Indian government bonds but also INR-denominated private-market financial instruments, such as swaps and swaptions. **TAGS:** Financial Analysis Interest Rate Swaps Interest Rates Keynes

Urgent Need to Address Liquidity Pressures in Developing Countries

Axel van Trotsenburg, Pablo Saavedra - World Bank

The world's poorest countries face ballooning debt service payments, record high refinancing costs, limited access to markets, and severely reduced capital inflows. Without action, 2024 will see a further rise in debt vulnerability — potentially leading to reversals in development outcomes. In this context, the current global debt relief architecture has focused mostly on countries with solvency problems, including under the Common Framework, and that indeed remains critical. [...] **TAGS:** Blog Debt distress Financial Analysis

Addressing High Public Debt: Selective Expenditure Restraint Matters

Álvaro Pina, Mauricio Hitschfeld, Martin Borowiecki - OECD

In dealing with significant fiscal challenges posed by ageing and the climate transition and the risk of rising future debt burdens, countries can draw on the lessons from past episodes of large and sustained reductions in debt-to-GDP. Work in the November 2023 OECD Economic Outlook found that there have been 34 sustained debt reduction episodes in OECD countries since the late 1970s, with 25 countries having experienced at least one such episode during this time. Reductions in the debt-to-GDP ratio have mainly hinged on achieving and sustaining a primary surplus over several years, largely via expenditure restraint, as well as favourable cyclical conditions and low interest rates. Expenditure restraint has often been accompanied by growth-friendly shifts in the composition of public spending. [...] **TAGS:** Blog Debt composition Debt and fiscal/monetary policies Debt and growth

Debt Crisis

[Debt Justice in 2024: Challenges and Prospects in a Full-Blown Debt Crisis]

Iolanda Fresnillo - Eurodad

The global south debt crisis is no longer a risk, but a very tangible reality. Increasing debt payments are crippling governments' ability to provide essential public services and tackle the climate crisis. Debt service, including both domestic and external debt payments, is absorbing an average 38 per cent of budget revenue and 30 per cent of spending across the global south. This rises to 54 per cent of revenue and 40 per cent of spending in Africa, according to a Debt Service Watch report. [...] **TAGS:** Debt crisis Debt Restructuring Multilateral financing

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Insights Into Gulf Bailout Diplomacy: Unveiling 6 Key Features

Camille Lons, Hasan Alhasan - European Council on Foreign Relations (ECFR), The International Institute for Strategic Studies IISS-Middle East

In February 2024, Egypt and the UAE signed a $35 billion investment deal to develop the Mediterranean coast of Ras Al Hekma. The project will be partly financed by existing Emirati deposits in the Egyptian central bank and is intended to help alleviate part of Egypt's foreign debt and economic challenges due to its acute debt crisis. the announcement has sparked renewed debates about the role of gulf states in rescuing neighbouring countries' economies. Specifically, it highlights a new trend of gulf countries using their financial packages to secure favourable investment opportunities in recipient countries. [...] **TAGS:** Debt crisis Debt distress Debt sustainability

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A Silent Debt Crisis is Engulfing Developing Economies with Weak Credit Ratings

Philip Kenworthy, M. Ayhan Kose, Nikita Perevalov - World Bank

Some developing economies are finally seeing light at the end of the tunnel. Global inflation is receding and global interest rates appear to have peaked, prompting a bond-issuance rush by these economies to refinance their debt before the opportunity vanishes. In early January, Mexico, Indonesia, and several other developing economies easily raised more than $50 billion from bond investors. [...] **TAGS:** Blog Debt crisis Debt distress Debt relief Credit ratings Debt and fiscal/monetary policies

Institutional and Organizational Framework

A Framework for Monitoring of and Reporting for External Project Loans in Developing Countries

Emre Balibek, Guy T Anderson, Kieran McDonald - IMF

To produce timely and accurate debt reports at the central government level, it is essential to have a sound legal, administrative, and operational framework in place for debt data compilation, reconciliation, accounting, monitoring, and reporting. This note focuses on the arrangements for external project-based debt, which present distinctive challenges in debt reporting particularly in low-income and developing countries. [...] **TAGS:** Debt Policy Debt Transparency Foreign Debt Reporting and Auditing Institutional and Organizational Framework Institutional and Organizational Framework

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Financial Oversight and Management Board for Puerto Rico v. Centro de Periodismo Investigativo, Inc.

Harvard Law Review

Puerto Rico is in a state of crisis. The island bears a debt burden of more than seventy-two billion dollars, retains lasting damage from natural disasters whilst being subject to discriminatory restrictions on federal aid, and is vulnerable to corporate interests and exploitation. The resultant austerity measures imposed in response to the debt crisis have raised critical legal and political questions about the appropriate solution to the island's distress, the limited role of Puerto Rican citizens in the recovery process, and the fraught status of Puerto Rico as a territory of the United States. […] **TAGS:** Institutional and Organizational Framework Debt crisis

Macroeconomic Analysis

Up & Coming: Unpacking South Asia's Growing Role in Global Debt

Prateek Samal, Anthony Tin Yu To - World Bank

Though the South Asia Region (SAR) contains just eight countries, it accounts for almost a quarter of the world's population. But it also carries an increasing share of global debt. Half of the countries in the region—Afghanistan, Maldives, Pakistan, and Sri Lanka—are either in debt distress or at high risk of it. In 2006, South Asia's total external debt stock increased by a record 23 percent. In 2022, the ratio of government debt-to-GDP in the region averaged 86 percent, higher than that of any other emerging market and developing economy (EMDE) region. […] **TAGS:** Blog Debt Statistics Foreign Debt Debt Restructuring Debt distress Multilateral financing

The Effects of High Inflation on Public Finances in the Euro Area

Krzysztof Bańkowski et al. ECB

The recent spike in inflation, unprecedented in the history of the Economic and Monetary Union (EMU), has had major consequences across all areas of the economy, including public finances. The unique characteristics of this inflationary episode in the euro area, largely originating from external factors and involving non-standard, ad hoc government spending adjustments, necessitate a careful examination of its effects on fiscal accounts. Drawing on the extensive expertise of the Eurosystem — within the Working Group on Public Finance — this column sheds light on the intricate relationship between price dynamics and budgetary categories. It further estimates that the sizeable inflation surprise in early 2022 has had negative effects on budget balances going forward, challenging the conventional belief so far. The analysis also points to the important role of the denominator effect for debt-to-GDP ratios, which may fall even in the absence of benefits for the budget balance. Finally, a high degree of heterogeneity is documented across countries. […] **TAGS:** Macroeconomic Analysis Debt and fiscal/monetary policies

Measuring Treasury Debt and Market Depth

Andrew Keinsley - Weber State University

This paper introduces index number theory to authors' analysis of US Treasuries, the depth of their market, and fiscal capacity; more generally. Using the user cost of Treasuries derived herein, the author constructs an index that tracks the true quantity of US Treasury debt and the monetary service flows provided by Treasuries. The importance of this view can be seen in the differing Treasury market reactions to the European debt crisis and COVID-19's "dash for cash" scenario. Despite large amounts of deficit spending in both situations, this measure reveals that market depth rose dramatically in light of the former crisis and fell during the latter. **TAGS:** Debt and fiscal/monetary policies

Re-Evaluating Sustainable Sovereign Debt: A Theoretic and Econometric Evaluation of The Suggested New EU Fiscal Rule

Alfred Greiner et al. - Bielefeld University

The Commission of the EU proposed a new fiscal rule in 2022 focusing on the primary surplus of governments in the euro area rather than on public deficits. This paper analyses the suggested new rule by setting up a simple optimal control problem. Governments determine the optimal reaction of the primary surplus to public debt such that the squared deviation from a certain target surplus is minimized. The authors study the structure of the model and highlight its implications for the economy's stability. In addition, the authors perform panel data analysis for euro area countries where the authors empirically estimate the fiscal space for each country. The authors apply panel smooth transition regressions to account for distinct regimes depending on the differences between the interest rate on public debt and the GDP growth rate of the economies. **TAGS:** Financial stability Debt sustainability Primary surplus Fiscal rules

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Emerging Markets Bond Index Performance and Sovereign Default: The Case of Ecuador

Wladimir Zanoni - Inter-American Development Bank

This paper delves into the dynamic impact of Ecuador's 2008 sovereign debt default on the subsequent performance of the country's bonds, specifically as measured by the Emerging Markets Bond Index (EMBI). Through a blend of qualitative and quantitative analyses, the paper develops a framework for understanding the interplay between macroeconomic and political fundamentals, global liquidity dynamics, and investor behaviors. Employing a synthetic control method, the study assesses the default's impact on Ecuadors EMBI performance, revealing a dynamically heterogeneous influence that fluctuates with evolving macroeconomic and political landscapes. The findings highlight the importance of considering a broad spectrum of economic variables in sovereign risk assessment, especially for economies with significant exposure to volatile commodity markets. The study offers insights into the complex dynamics governing sovereign bond markets post default, emphasizing the roles of fiscal discipline, investor communication, and political stability in mitigating sovereign risk. **TAGS:** Sovereign defaults Debt and fiscal/monetary policies

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Accounting for Climate Risks in Costing the Sustainable Development Goals

Rimjhim Aggarwal et al. - Arizona State University

This paper evaluates the additional spending needed to meet core targets of selected Sustainable Development Goals (SDGs) while accounting for the associated cost to address climate risks. The SDGs under study are those related to human and physical capital development. An additional 3.8 percent of global GDP, or US$3.4 trillion, of public and private spending will be required by 2030 to achieve a strong performance in the selected SDGs while addressing associated climate risks. This includes an increase of 0.4 percent of global GDP (US$358 billion) compared to estimates that do not account for mitigation and adaptation needs within these sectors. LIDCs and SSA experience the highest climate-related cost augmentation relative to GDP, while EMEs (driven by large Asian emerging economies) bear the largest cost in absolute terms. **TAGS:** Climate change Cost and Risk

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Debt Surges—Drivers, Consequences, and Policy Implications

Marwa Alnasaa et al. - IMF

Many countries find themselves with elevated debt levels, increased debt vulnerabilities, and tight financing conditions, while also facing increased spending needs for development and transition to a greener economy. This paper aims to place the current debt landscape in a historical context and investigate the drivers of debt surges, to what degree they result in a crisis as well as examine post-surge debt trajectories and under what conditions debt follows a non-declining path. The authors find that fiscal policy and stock-flow adjustments play important roles in debt dynamics with the valuation effects arising from currency depreciation explaining more than half of stock flow adjustments in LICs. Debt surges are estimated to result in a financial crisis with a probability of 11–20 percent and spending-driven fiscal expansions during debt surges tend to result in a high probability of non-declining debt path. **TAGS:** Debt crisis Debt and fiscal/monetary policies Financial Analysis

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Asymmetric Impact of Government Public Debt and GDP Growth: Case Study from Nigeria

Chinedu R Eric - Xi'an Jiaotong University

This research looks deeply into the lopsided connections between Nigeria's government debt and its impact on GDP growth from a period of 1991 to 2022. The methods applied during this research study was a non-linear autoregressive distributed lag, called NARDL method, using Wald F-test to know if the government debt to GDP is asymmetric or not, after using ADF and KPSS test for the unit root to measure and pinpoint accurately the parameters of Nigeria's government debt and its positive and negative shocks on the economy, this research shows that they are -12.36 and 9.17 respectively. Then it is clear that the responsiveness of GDP growth to negative is stronger than positive values of debt. A 1% increase in government public debt will cause the GDP growth to be lesser by 9.17% and the coefficient is insignificant statistically. A 1% decrease in public debt is associated with a GDP growth increase of 12.36%. A positive and significant effect of the share of agriculture resulted in 10.51% increase in GDP growth, showing that GDP growth was different when the values of debt were negative and when its positive, meaning that it is better for the Nigeria government to wisely manage its public debt and fiscal sustainability so that its GDP growth can grow in an increasing order. **TAGS:** Debt and fiscal/monetary policies Debt and growth

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Fiscal Risks of Climate Change: Sources and Practical Solutions

Brent Edelman - ADB

The fiscal risks of climate change facing countries in Asia and the Pacific are immense. Climate-related weather disasters and public spending on the climate change mitigation and adaptation investments needed to avoid worst case climate scenarios and protect livelihoods are placing a significant strain on public finances. But governments in Asia and the Pacific are already taking wide-ranging measures to proactively address these risks. Countries are analyzing the impact of climate change risks on their macroeconomic frameworks, their finance sectors, and the sustainability of their public finances, as well as the suitability of disaster risk financing instruments depending on their economic conditions. Governments are using these analyses to build in fiscal buffers, better align fiscal frameworks with climate targets, and strengthen public financial management practices more broadly. **TAGS:** Climate change Fiscal risks

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Is Debt Always Harmful for Economic Growth? Evidence from Developing Countries

Mara Leticia Rojas, María María Ibáñez Martín, Carlos Dabús - UNS-CONICET

The debate on damage risks of high levels of debt on long run economic performance is not new. Nonetheless, this has achieved increasing interest during the last decades because of several countries and regions have acquired high indebtedness, particularly those with doubtful capacity of repayment. The study of a non-linear relationship between both macroeconomic variables and the value (or values) at which the incidence of debt could change sign at said threshold are relevant issues for the performance of economies, the economic policy and, even, the debt payment. This paper uses a panel threshold regression model, with initial real per capita GDP and debt-to-exports ratio as threshold variables, in order to prove heterogeneous effects of debt on growth in developing countries. The results show that the effect of debt depends on both threshold variables. Higher levels of initial GDP are related to negative effects of debt on growth, the relation between debt and growth tends to be insignificant for medium values and exhibits a positive relation to low values of product. Furthermore, debt-to-exports ratio exhibits a single turning point beyond which debt seems to be harmed for economic growth. The level of those thresholds is also estimated. **TAGS:** Debt and growth

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The World's First Global Safe Asset: British Public Debt, 1718-1913

Patricia Gomez-Gonzalez, Gabriel Mathy - Fordham University, American University

This paper assesses whether the British public debt featured a convenience yield during the Classical Gold Standard before World War I, as the US does in modern times. Authors' empirical results support this thesis. Increases in the British debt-to-GDP ratio decrease British public debt's convenience yield between 8 and 20 basis points, qualitatively similar to the behavior of US public debt yields post-1926. Interestingly, the relationship between US yields and US public debt during the Classical Gold Standard counters previous findings for modern US times. International public debt yield spreads between other Gold Standard core countries and Britain were consistently positive and averaged 55 basis points, even though currency and sovereign risk were negligible at that time for the countries chosen. **TAGS:** Debt-to-GDP

Fiscal Consolidation and Asymmetric Macroeconomic Effects: Evidence from Sub-Saharan African Countries

Ruth Badru et al. - University of Bristol

This study investigates the macroeconomic implications of fiscal consolidation in Sub-Saharan Africa (SSA) using an annual dataset from 1995 to 2019 for 37 countries in the region. Employing the local projection approach, the authors analyze the short- and medium-term effects of fiscal consolidation on output and debt reduction. Authors' findings reveal that fiscal consolidation measures exert an expansionary effect on output, and the debt reduction effect reaches its peak after three years. Notably, heavily indebted poor countries exhibit a more pronounced response to fiscal consolidation, while the impact is independent of resource endowment levels. During economic upturns, the debt reduction effect is rapid but transitory. Conversely, during downturns, the effect is gradual, more substantial, and persistent. Furthermore, the authors find that expenditure-based and revenue-based consolidation have similar effects on debt and output during expansionary phases. However, during recessions, their effects differ considerably. Overall, authors' findings indicate that expenditure-based fiscal consolidation enhances fiscal sustainability but may come at the cost of reduced consumption welfare. Moreover, prioritizing expenditure-based fiscal consolidation offers a promising pathway for enhancing fiscal sustainability in the region. These findings offer important implications for policymakers seeking to address the challenges of public finance and debt distress in SSA. **TAGS:** Debt distress Debt reduction Debt sustainability

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Reforming External Debt Governance in Turkey to Reach External Debt Sustainability

Asli Togan Egrican, Selçuk Caner, Sübidey Togan - Kadir Has University, Asian Development Bank, Bilkent University

The paper examines the sustainability of external debt in Turkey utilizing the stochastic approach, according to which external debt is said to be not sustainable as long as there is a non-negligible risk, that the ratio of external debt-to-GDP ratio under existing and likely future policies will steadily increase over time leading to default at some point in the future. The paper argues that attainment and maintenance of external debt sustainability in Turkey is challenging, but that it is not a choice. Since a country whose government fails to respect external debt sustainability would eventually default on its external debt leading to disaster, the paper argues that the best way to avoid a disaster is not to face external debt default by introducing appropriate legal reforms, implementation of inflation reduction policies, and devaluation of the real exchange rate. Finally, the paper emphasizes that the achievement of sustainability of external debt should be left to an autonomous public advisory institution, External Debt Council, with sufficient financial and technical resources to carry out the tasks assigned to it. **TAGS:** Debt sustainability External debt-to-GDP

Exorbitant Privilege and the Sustainability of US Public Debt

Jason Choi et al. - University of Toronto

The authors study the extent to which the perceived cost of losing the exorbitant privilege the US holds in global safe asset markets sustains the safety of its public debt. Authors' findings indicate that the loss of this special status in the event of a default significantly augments the debt capacity for the US. Debt levels would be up to 30% lower if the US did not have this special status. Most of this extra debt capacity arises from the loss of the convenience yield on US Treasuries, which makes debt more expensive following its loss and provides strong incentives to repay debt. **TAGS:** Debt sustainability

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The Green Transition and Public Finances

Stéphane Dées, Caterina Seghini - Banque de France, Swiss Finance Institute

As the world faces rising temperatures, extreme weather events and environmental disruption, the imperative to mitigate climate change has never been more pressing. Yet the pursuit of effective mitigation could threaten the sustainability of public debt due to the potentially huge fiscal costs of the associated policies. This paper uses a dynamic general equilibrium approach that takes into account the macroeconomic implications of the green transition and its consequences for public finances. It shows that when the government relies too heavily on expenditure-based measures, it threatens the sustainability of public debt, by increasing the probability of sovereign default, leading to higher interest rates on government bonds. This higher public default risk has potentially significant repercussions on investment financing conditions for the private sector and increases the cost of the transition to a net-zero economy. On the other hand, carbon pricing policies make the transition more viable for public finances, at the expenses of similarly high economic costs, while remaining effective in reducing greenhouse gas emissions. **TAGS:** Climate change Debt sustainability Sovereign defaults

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How Can Latin American Countries Improve Their Medium-Term Fiscal Frameworks for Better Public Finances?

Aida Caldera, Paula Garda, Alberto Gonzalez-Pandiella - OECD

Fiscal authorities in Latin America face the challenge of continuing to reduce high public debt levels which increased significantly during the pandemic. This challenge is further compounded by higher interest rates for longer and coupled with other fiscal challenges that the region was facing already before the pandemic (Arnold et al 2023). This includes a need to improve the efficiency of public spending efficiency and to mitigate fiscal policy procyclicality (Cardenas et al. 2021; World Bank, 2020). Despite relatively favorable sovereign debt amortization profiles in many countries in the region, a higher debt service (Figure 1), will mean that countries must increasingly mobilize public resources to ensure debt sustainability. This will need to be achieved without compromising spending in key social programs, health, education and infrastructure, all essential to promote potential growth that is low in the region and to meet increasing social demands. [...] **TAGS:** Blog Debt and fiscal/monetary policies Interest rates

Addressing the Challenges of High Government Debt and Population Ageing in Japan

Müge Adalet McGowan - OECD

Japan has coped well with the pandemic and the energy crisis, but the fiscal support to help mitigate their impact has pushed up gross public debt to an unprecedented level of almost 245% of GDP in 2022. Demographic change will exacerbate these challenges. Japan's population is projected to decline from 135 million to around 96 million in 2060, while the elderly population will reach 79% of working-age population, one of the highest in the OECD (Figure 1). The government projects that with ageing, social security spending will rise from 21.5% of GDP in 2018 to around 24% by 2040. Without corrective action, this would substantially worsen long-term fiscal sustainability. [...]**TAGS:** Blog Debt and fiscal/monetary policies

Economic Policies

High and Rising US Federal Debt: Causes and Implications

Karen Dynan - Harvard University

The outlook for federal debt represents a significant economic challenge for the United States. Economic developments and policy changes over the past two decades have materially raised the level of current and projected debt, but the primary factors behind the projected upward trajectory of debt remain population aging and rising health care spending. Even under optimistic economic scenarios, debt will soon reach levels well above historical experience, which will impose significant economic costs and risks. Although changes in policy that substantially narrow the deficit have economic and political disadvantages, they are necessary to put the federal budget on a sustainable path. **TAGS:** Sovereign debt market Debt and growth

An Aging Population and Sustainable Government Debt: The Case of Korea

Kwangyong Park - Sogang University

Although we've recently seen fiscal stress rising in many countries due to an increase in government spending and a rapidly aging population, there has been little research into fiscal sustainability while explicitly taking into account the fiscal stress caused by population aging. In this paper, the authors follow the same methodology as seen in Bi (2012) and examine the fiscal space of Korea, which has one of the fastest aging populations. This analysis shows that ignoring population aging leads to an over-estimation of fiscal space as large as 130% of GDP. Both increasing social security spending and supporting the National Pension significantly affect fiscal space. Finally, it is shown that fiscal sustainability and National Pension reform are closely related. **TAGS:** Debt and fiscal/monetary policies Debt sustainability

Fiscal Rules and Economic Cycles: Quality (Always) Matters

Leandro Gaston Andrian et al. - Inter-American Development Bank

This paper investigates the role of fiscal rules in managing public debt, particularly focusing on their efficacy during different phases of economic cycles. Analyzing Balance, Expenditure, and Debt Fiscal Rules, the study finds that their impact on debt reduction is significantly influenced by the quality of the fiscal framework and the economic cycle phase. Moreover, factors like legal basis, procedural framework, and political stability are identified as key to ensuring compliance with fiscal objectives. Authors' results suggest that fiscal rules are most effective in reducing debt during positive economic cycles, with the design and institutional support playing a crucial role. This has important policy implications, particularly in the context of the debt increase after the Covid-19 pandemic. **TAGS:** Debt and fiscal/monetary policies Debt reduction Financial stability

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The Dynamics of PEPP Reinvestments
Imène Rahmouni-Rousseau, Isabel Schnabel - ECB
When reading data on reinvestments under the pandemic emergency purchase programme (PEPP) one needs to understand how the authors implement purchases. Director General Market Operations Imène Rahmouni-Rousseau and Executive Board member Isabel Schnabel explain how to avoid pitfalls. **TAGS:** Blog Financial Analysis Debt and fiscal/monetary policies Covid-19 PEPP

Multilateral Financing

Trusted Intermediaries Can Channel Concessional Finance for LMIC Green Development
Marcello Estevão, Nils Burkhard Zimmermann - World Bank
Due to forex and country risks, low and middle-income (LMIC) sovereigns and infrastructure businesses often must pay prohibitively high interest rates on loans or bonds. As a result, the quantity of sustainable infrastructure built in LMICs is far less than is needed to meet the Sustainable Development Goals (SDGs). A UN report estimates the investment gap at $4 trillion a year. To put this in perspective, the World Bank in 2022 made $70.8 billion available to developing countries in the form of credits, loans, and grants. […] **TAGS:** Multilateral financing Concessional finance **Climate finance** **Climate change** Sovereign debt market

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Currency Risk is Stifling Climate Finance for Developing Countries. It Should – and can – be Mitigated
Ruurd Brouwer, Barry Eichengreen - TCX, University of California, Berkeley
Private-sector funding will be essential for raising the trillions of dollars needed to finance climate-change abatement and adaption projects in emerging and developing countries. The question is: will that finance be forthcoming? […] **TAGS** Blog **Climate finance** Debt sustainability Debt distress

Reports

Bond Markets to Meet EU Investment Challenges
ICMA
The European Union (EU) needs investment – which bond markets can provide: The EU needs investment to fund its economic growth, support its competitiveness globally, and address challenges such as climate change, digital transition, and pensions for an ageing society. Cross-border capital markets development will be critical in achieving this. […] **TAGS:** Sovereign debt market Financial Analysis Primary markets Secondary markets Repos

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Global Economic Prospects, January 2024
World Bank
Global growth is expected to slow further this year, reflecting the lagged and ongoing effects of tight monetary policy to rein in inflation, restrictive credit conditions, and anemic global trade and investment. Downside risks include an escalation of the recent conflict in the Middle East, financial stress, persistent inflation, weaker-than-expected activity in China, trade fragmentation, and climate-

related disasters. Against this backdrop, policy makers face enormous challenges. In emerging market and developing economies (EMDEs), commodity exporters face the enduring challenges posed by fiscal policy procyclicality and volatility, which highlight the need for robust fiscal frameworks. Across EMDEs, previous episodes of investment growth acceleration underscore the critical importance of macroeconomic and structural policies and an enabling institutional environment in bolstering investment and long-term growth. At the global level, cooperation needs to be strengthened to provide debt relief, facilitate trade integration, tackle climate change, and alleviate food insecurity. **TAGS:** World Bank Economic Forecasts Debt and fiscal/monetary policies Debt and growth

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Comparative Analysis of Collateral Eligibility Criteria

ADB

This brief examines the development of local currency (LCY) bond markets in ASEAN+3 economies and considers how setting out sound collateral eligibility criteria can bolster their development and increase financial stability. **TAGS:** Financial Analysis Collateral Institutional and Organizational Framework

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Blended Finance for Climate Action: Good Value for Money?

Farwa Sial - Eurodad

During the 2023 United Nations climate conference in Dubai (COP28), the issue of 'blended finance' for climate action was a major focus at the inaugural Business and Philanthropy Climate Forum.1 This event saw global funds – the Green Climate Fund, Allied Climate Partners and Allianz Global Investors – collectively announce the mobilisation of US$ 5 billion through several blended finance structures, bringing together philanthropies, development finance institutions (DFIs), and the private and public sectors.2 But what is blended finance and what role does – and should – it have in climate action? There is already extensive literature on blended finance for development. But the case for blended finance for climate action is still relatively unexplored. This report seeks to help create an informed debate on this issue. And it explores the opportunities, and the risks, that these instruments pose. […] **TAGS:** Climate finance **Climate change** Blended finance Multilateral financing

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Transition Finance in the Debt Capital Market

Nicholas Pfaff, Özgür Altun, Stanislav Egorov - ICMA

The Climate Transition Finance Handbook (CTFH), published in 2020 by ICMA was arguably ahead of its time by identifying the need for organisation level disclosures and strategy to underpin an issuer's transition related capital financing. It underlined the importance of the credibility of an issuer's Greenhouse Gas (GHG) emissions reduction strategy, commitments, and practices; while defining the goal of transition finance as realising the objectives of the Paris Agreement on Climate Change. It characterises transition as an organisation-level challenge that can be translated into a key financing theme for both use-of-proceeds and sustainability-linked bonds. […]**TAGS:** **Climate finance** **Green Bonds** Transparency Sustainability-Linked Bonds

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The European Repo Market at 2023 Year-End

ICMA

Year-end repo market pricing and liquidity are generally a focus of market attention, with the euro market proving itself particularly vulnerable to significant dislocations in recent years. ICMA's European Repo and Collateral Committee (ERCC) has published a review of repo market performance and conditions over the "turn" of the year since the wholly unexpected and somewhat unprecedented extreme price moves observed in the euro repo market at 2016 year-end. [...] **TAGS:** Financial Analysis Debt and fiscal/monetary policies Market Liquidity Repo

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Climate Resilient Debt Clause (CRDC)

World Bank

Supporting vulnerable countries against economic shocks, including fiscal crises due to natural disasters, is an important objective for the World Bank. Going forward, borrowers may choose to include in their IBRD loans and IDA credits contractual provisions (CRDC) that permit the borrower to defer principal and/or intEerest payments of the loan for up to 2 years, following the occurrence of a pre-specified natural disaster. This in turn will free up government resources to finance disaster response and recovery efforts. [...] **TAGS:** World Bank **Climate change** **Climate finance** Multilateral financing

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Brazil Sovereign Sustainable Bond: Financing a Greener, More Inclusive, and Equitable Economy

World Bank

The World Bank provided technical assistance to the Federative Republic of Brazil to establish its sovereign sustainable bond program and pave the way for its inaugural $2 billion issuance. Brazil has set a nationally determined contribution (NDC) target for a 53 percent reduction in GHG emissions by 2030 in comparison with 2005, and carbon neutrality (net-zero) by 2050. In addition, the NDC aims to reduce vulnerability in terms of water, energy, food, social and environmental security, and enhance social benefits to ensure the climate resilience of the population and infrastructure. There are large costs associated with meeting Brazil's NDCs: the most recent estimates place these costs at $1.4 trillion between 2016 and 2030, equivalent to $100 billion (or about 7 percent of GDP) per year. [...] **TAGS:** World Bank **Climate finance** Debt sustainability Green Bond

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A Compendium of Market Practices - How the EU's Taxonomy and Sustainable Finance Framework are Helping Financial and Non-Financial Actors Transition to Net Zero.

EU Platform on Sustainable Finance

The objective of this report is to consider how the EU sustainable finance framework can be used to support and inform the transition efforts of economic actors, beyond mere regulatory compliance. It presents a compendium of early practices, financial products, instruments and initiatives that market participants are employing to transition their business models and investments. Companies made encouraging initial disclosures in 2023, for example in sectors such as utilities and real estate, demonstrating that capital expenditures associated with the EU Taxonomy can inform the transition of key economic activities. [...]**TAGS:** Climate finance Climate change

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2024: Strong Year for Emerging Market Debt?

Carlos Carranza - Allianz Global Investors

From the likely end of interest rate rises in the US to improving economic data – we see reasons to be bullish about the outlook for emerging market fixed income in 2024. The author explains six reasons why they're expecting double-digit returns for the asset class. [...] **TAGS:** Sovereign debt market Sovereign bond yields

News

The ***What's New*** area of the PDM Network website proposes a selection of ***daily news on public debt management*** from online newspapers and info providers. In addition to the bimonthly Newsletter, subscribers receive the weekly newsletter ***Emerging Sovereign Debt Markets News*** which covers sovereign debt markets of emerging market and developing economies. The news has been selected by the PDM Network Secretariat from the ©Thomson Reuters Eikon 2024 and © LSEG 2024 information services.

Events and Courses

APRIL

1-12 April 2024: IMF - Virtual
Projecting Public Debt and Fiscal Adjustment Paths (DDT tool) (PPDFAP)

4-5 April 2024: The Bank of Italy, Baffi Centre (Bocconi University) and the Centre for Economic and Policy Research (CEPR) - Bank of Italy, Rome
4th Bank of Italy, Bocconi University and CEPR Conference on Financial Stability and Regulation

8-19 April 2024: IMF - The Joint Vienna Institute (JVI) - Wien, Austria
Monetary Policy

15-24 April 2024: Oesterreichische Nationalbank, Joint Vienna Institute and National Bank of Slovakia - Wien, Austria
Macrofinancial Stability in Central, Eastern and Southeastern Europe

16-17 April 2024: International Research Forum on Monetary Policy (IRFMP) - Federal Reserve Board, Washington, D.C.
International Research Forum on Monetary Policy: Monetary Policy Challenges during Uncertain Times

22-23 April 2024: Bank of Canada - Ottawa
Sovereign Bond Markets in Inflationary Times

22 April – 3 May 2024: IMF - The Joint Vienna Institute (JVI) - Wien, Austria
Fiscal Frameworks

25-26 April 2024: ZEW - Mannheim, Germany
ZEW Conference on Ageing and Sustainable Finance

29-30 April 2024: BIS, BoE, ECB, IMF - Basel, Switzerland
Ebb and Flow of Globalization–Perspectives on the Role of Trade and Financial Integration for International Spillovers

29-30 April 2024: College of Europe – Bruges, Belgium
Workshop on European Integration, Economic Convergence and Productivity

MAY

1 May 2024: International Capital Market Association – Dubai
Building depth and resilience in the MENA bond markets

2-5 May 2024: The Asian Development Bank (ADB) - Tbilisi, Georgia
57th Annual Meeting

9-10 May 2024: Board of Governors of the Federal Reserve System - Federal Reserve Board, Washington, D.C.
FRB Conference on the Macroeconomic Seeds of Financial Imbalances

9-10 May 2024: The Federal Reserve Banks of San Francisco and Chicago and the Journal of Financial Econometrics - Chicago, Illinois
"Fixed Income Markets and Inflation"

10 May 2024: Institute of International Finance (IIF) - İstanbul, Türkiye
Türkiye Sustainable Finance Forum

16-17 May 2024: NBER and the Smith Richardson Foundation - Cambridge, MA
Inflation in the COVID Era and Beyond

21-22 May 2024: The Centre for Research in International Economics (CREI) and the Centre for Economic Policy Research (CEPR) - the Ciutadella Campus of Universitat Pompeu Fabra in Barcelona
Workshop on Heterogeneity and Economic Fluctuations: Recent Developments

29- 31 May 2024: The Finance for Development Lab and the Paris School of Economics - Paris, France
DebtCon7

JUNE

1 June 2024: ADBI, the Asian Development Bank (ADB), and the Crawford School of Public Policy, Australian National University (ANU) - Manila, Philippines
Research Papers on Striving for Inclusive Economic Growth in Asia and the Pacific

June 2024: Asian Association of Environmental and Resource Economics - online
"Green Finance, Responsible Investments, and Ethics in the era of Post-COVID-19 and Russian-Ukrainian Conflict"

20-21 June 2024: Saïd Business School, University of Oxford Park End Street - Oxford
Oxford Saïd - VU SBE macro-finance conference

24-25 June 2024: The International Journal of Central Banking (IJCB) - Bank of Italy, Rome
Annual International Journal of Central Banking Research Conference
24-28 June 2024: Oesterreichische Nationalbank - Vienna, Austria
Green Finance – Focus on Monetary Policy and Financial Regulation

JULY

1-5 July 2024: Joint Vienna Institute, World Bank, European Central Bank - Vienna, Austria
Nonperforming Loans: Management and Resolution

8-19 July 2024: IMF - Vienna, Austria
Fiscal Sustainability

23-24 July 2024: The European Central Bank, the International Monetary Fund, and the IMF Economic Review - Frankfurt am Main, Germany
Global Challenges and Channels for Fiscal and Monetary Policy

SEPTEMBER

12-13 September 2024: Bank of Finland, CEPR - Helsinki, Finland
Bank of Finland-CEPR: Back to Basics and Beyond: New Insights for Monetary Policy Normalisation

OCTOBER

3-4 October 2024: Public Debt Management Network - Washington DC, United States
3rd PDM Conference

NOVEMBER

7-8 November 2024: Centre for Economic Policy Research (CEPR) - Bonn, Germany
CEPR Macroeconomics and Growth Annual Symposium 2024

Call for papers

DL 15 April 2024: PDM Network - Washington DC, United States
Call for papers 3rd PDM Conference (Deadline Extended)

DL 30 April 2024: A Special Issue of Finance Research Letters
Call for papers Climate Change and Environmental Sustainability in Emerging Market Banking and Finance

DL 15 June 2024: Bank of Finland and CEPR - Helsinki, Finland
Call for Papers Bank of Finland-CEPR: Back to Basics and Beyond: New Insights for Monetary Policy Normalisation

DL 30 June 2024: Centre for Economic Policy Research (CEPR) - Bonn, Germany
Call for papers CEPR Macroeconomics and Growth Annual Symposium 2024