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PDM NETWORK

PDM NETWORK *Newsletter*

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This bimonthly newsletter lists all papers, reports, courses and other events concerning public debt management recently uploaded by the PDM Network Secretariat in the site **www.publicdebtnet.org**. The documents which the PDM Network Secretariat have found most interesting are highlighted with a grey background.

The PDM Network Newsletter is published on January, March, May, July, September and November.

The PDM Network Secretariat welcomes cooperation on information published on the website. Please feel free to **suggest any documents, news and events** that you think are relevant to the management of public debt at the following email address: **publicdebtnet.dt@tesoro.it**.

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Special Focus

25th OECD Global Forum on Public Debt Management 2017

The 25th OECD Global Forum on Public Debt Management and Capital Markets will be held on 22-23 February 2018 at the OECD Headquarters in Paris. The OECD Global Forum brings together debt managers from all over the world to discuss viewpoints and experiences relating to public debt management. Its focus is on policies, techniques, and experiences in the field of government debt management. The Forum, organised under the aegis of the OECD Working Party on Debt Management (WPDM) and sponsored by the Government of Japan, functions as a roundtable meeting where public debt managers from the OECD area discuss in an in-depth fashion OECD practices, experiences and policies in the field of government debt management and the development of government securities markets with their counterparts from non-OECD countries. These roundtable meetings serve also as opportunities for follow-up discussions of key topics that had previously been discussed by the WPDM. In this way, debt managers from the emerging markets benefit from becoming acquainted with recent key policy issues from this policy area. ***Read more***

TAGS: **Debt Policy**; **Debt and fiscal/monetary policies**; **Best Practices**

Documents

Debt Policy

[Guidelines for central government debt management in 2018]

Government Offices of Sweden

The Government adopted guidelines for the management of the central government debt. The maturity of the debt is extended slightly, which reduces the risk at a low cost. The steering of the composition of the debt is left unchanged. Maturity is one of several factors that affect the expected cost of and risk in the central government debt. The analyses behind the guideline decisions made in recent years show that the cost advantage of short-term borrowing has decreased. This is why the maturity of the part of the central government debt that consists of nominal borrowing in Swedish kronor is being extended by 0.3 years for the third successive year. No changes are made to the maturity of the parts of the central government debt that consist of inflation-linked krona debt and foreign-currency debt. The steering of the composition of the central government debt is also left unchanged.[...]

TAGS: Primary market; Debt Policy

Strategies for managing State Debt. Affordability studies can help states decide how much to borrow (2017)

The PEW charitable trusts

When a state government faces a large expense, such as adding lanes to a highway or restoring an aging bridge, officials often borrow the money, allowing these projects to move forward while spreading the costs out over time and to generations of taxpayers. Gauging whether a state can afford to take on new debt, though—and how much—can be difficult. When lawmakers face decisions over whether to issue bonds or how to manage existing debt, they need the right data to inform their choices. In 27 states, officials produce debt affordability studies that evaluate the impact of potential issuances on the state's self-imposed debt caps. These data-driven analyses give states the power to manage debt in a way that aligns with their resources and spending priorities.[...]

TAGS: Debt Policy; Debt sustainability

The Management of Government Debt (2016)

Simon Gray - Centre for Central Banking Studies – CCBS

A number of governments state explicitly, in broad terms, their goals for debt management. For most, these could be summarised as: "Raising finance from the non-government sector in order to cover the government's borrowing needs, while minimising the long-run cost of debt service and taking account of risk (and, where necessary, coordinating with monetary policy)." This Handbook explores the long-run objectives of deficit financing and then discusses the various elements involved in building an appropriate strategy for pursuing those objectives in domestic currency markets (irrespective of whether the securities are purchased by residents or non-residents). Certain subjects, such as debt issuance techniques, the use of specialist market intermediaries, development of secondary markets, and payments and settlements issues, are major topics in their own right, some of which will be covered in separate Handbooks. This handbook is also available in Russian and Spanish.

TAGS: Debt Policy; Best Practices

Cost and Risk

Modeling interest payments for macroeconomic assessment (2016)

Celestino Girón, Marta Morano, Enrique M. Quilis, Daniel Santabárbara,Carlos Torregrosa - Spanish Independent Authority for Fiscal Responsibility

In this paper the authors present a methodology designed to estimate the future path of interest payments by the Government. The basic idea is to represent in a compact way the joint dynamics of debt liabilities and interest payments as a function of five elements: the initial outstanding amounts of debt, the expected primary funding needs, the expected yield curves and the expected issuance strategy to be followed by the government. The procedure is amenable to scenario-based simulation and produces a detailed representation of the debt term structure. The authors provide results for the period 2015-2025.

TAGS: Debt forecasts

Sovereign debt and incentives to default with uninsurable risks (2016)

Gaetano Bloise Herakles Polemarchakis Yiannis Vailakis

Authors show that sovereign debt is unsustainable if debt contracts are not supported by direct sanctions and default carries only a ban from ever borrowing in financial markets even in the presence of uninsurable risks and time-varying interest rate. This extension of Bulow and Rogoff (1989) requires that the present value of the endowment be finite under the most optimistic valuation. Authors provide examples where this condition fails and sovereign debt is sustained by the threat of loss of insurance opportunities upon default, despite the fact that the most pessimistic valuation of the endowment, the natural debt limit, is finite.

TAGS: Debt sustainability; Sovereign defaults

Secondary Markets

The liquidity of capital markets under new banking regulations (2017)

Darrell Duffie - Graduate School of Business, Stanford University

On 15 September 2017, Darrell Duffie delivered the Thirteenth Paolo Baffi Lecture, in which he addressed the implications of the capital structure of dealer banks for the liquidity of financial markets. Professor Duffie argued that post-crisis regulatory reforms have shrunk the balance sheet capacity of dealers, thereby reducing the supply of market-making services and liquidity. In particular, the regulatory leverage ratio has compressed the profitability of market-making into low-risk fixed-income instruments. According to Duffie, an improvement in market liquidity could be achieved at no cost to financial stability by changing the system of capital requirements, with a different balance between risk-based and non-risk-based measures. A different – possibly complementary – way to improve market liquidity would be to accelerate reforms with the aim of enhancing competition and price transparency. In the euro area, repo markets have experienced fewer pronounced adverse liquidity effects than in the United States thanks to several mitigating factors, including the lower regulatory leverage ratio for European banks, the widespread diffusion of active electronic platform trading markets and greater recourse to central clearing.

TAGS: Market Liquidity; International and Macroprudential Regulations

The Sovereign Debt Crisis: Rebalancing or Freezes? (2017)

Per Östberg, Thomas Richter - University of Zurich, Swiss Finance Institute

Using high-frequency data, the authors document that episodes of market turmoil in the European sovereign bond market are on average associated with large decreases in trading volume. The response of trading volume to market stress is conditional on transaction costs. Low transaction cost turmoil episodes are associated with volume increases (investors rebalance), while high transaction cost turmoil periods are associated with abnormally low volume (market freezes). The authors find suggestive evidence of market freezes in response to shocks to the risk bearing capacity of market makers while investor rebalancing is triggered by wealth shocks. Overall, our results show that the recent sovereign debt crisis was not associated with large-scale investor rebalancing.

TAGS: Debt crisis; Market Liquidity

Debt maturity and the liquidity of secondary debt markets (2016)

Max Bruche, Anatoli Segura - Cass Business School, Bank of Italy

The authors develop an equilibrium model of the debt maturity choice of firms, in the presence of fixed issuance costs in the primary debt market, and search frictions in the secondary debt market. Liquidity in the secondary market is related to the ratio of buyers to sellers, which is determined in equilibrium via the free entry of buyers. Short maturities improve the bargaining position of sellers in the secondary debt market and hence reduce the interest rate firms need to offer in the primary market. Long maturities reduce re-issuance costs. The optimally chosen maturity trades off both considerations. The authors find that the laissez-faire equilibrium exhibits inefficiently short maturity choices because an individual firm does not internalize that choosing a longer maturity increases the expected gains from trade in the secondary market, which attracts more buyers, and hence also facilitates the sale of debt issued by other firms.

TAGS: Market Liquidity

Subnational debt

A framework for a financial sustainability index (2017)

Shayne Kavanagh, Doug Linkhart, Mark Pisano, Monika Hudson, Shui Yan Tang, Erik Colon, Michael F. McGrath – Various affiliations, published by the Lincoln Institute of Land Policy

After the onset of the Great Recession in 2008, local governments across the country faced some of the worst financial challenges since the 1930s. Some communities exacted drastic across the board budget cuts and wholesale layoffs. Others eliminated entire departments and contracted out vital services. Many cities found it necessary to claw back employee benefits packages negotiated during better times. A few cities failed to adjust and were forced into municipal bankruptcy. Looking back at that difficult period, we can see that some localities were better able than others to address the crisis. In those communities, local leaders approached their finances with creative and innovative ideas. Some attempted to coordinate efforts among multiple actors to more efficiently and affordably provide services. Others refashioned institutions, core assumptions, and existing financial decision-making processes to meet pressing public service needs. These leaders possessed not only financial skills but also the insight to recognize the need to adopt leadership strategies and new institutional design principles to meet the new financial realities facing their communities.[…]

TAGS: [Debt sustainability]; [Accounting, statistics, Reporting and Auditing]

[Private placements and the cost of borrowing in the Municipal Debt market] (2017)

Tima Moldogaziev - Indiana University Bloomington

Private placements in the municipal debt market have been increasing over the last decade and have become a topic of interest for municipalities, investors, and regulators. Private placements are sold without an underwriter to relatively sophisticated investors and are typically 'buy-to-hold' transactions. Without an aftermarket, compared to traditional competitive or negotiated sales, there are fewer financial intermediaries and fewer regulatory disclosure requirements needed for private placements. Savings on "flotation" costs can be substantial enough to make private placements a less costly method of debt offering. Conditional on selectivity in the method of sale and relevant covariates, private placements can offer lower true interest costs and issuance costs compared to both competitive and negotiated debt offerings.

TAGS: Debt sustainability; Financial Analysis

[Claim Dilution in the Municipal Debt Market] (2017)

Ivan Ivanov, Tom Zimmermann - Board of Governors of the Federal Reserve System, QuantCo, Inc.

Using loan-level municipal bank lending data, the authors examine the debt structure of municipalities and its response to exogenous income shocks. They show that small, more indebted, low-income, and medium credit quality counties are particularly reliant on private bank financing. Low income counties are more likely to increase bank debt share after an adverse permanent income shock while high income counties do not shift their debt structure in response. In contrast, only high income counties draw on their credit lines after adverse transitory income shocks. Overall, our paper raises concerns about claim dilution of bondholders and highlights the importance of municipal disclosure of private debt.

TAGS: Transparency

Financial Analysis

[The dynamics of government bond yields in the euro zone] (2017)

Tanweer Akram, Anupam Das - Thrivent Financial , Mount Royal University, Canada

This paper investigates the determinants of nominal yields of government bonds in the euro zone. The pooled mean group (PMG) technique of cointegration is applied on both monthly and quarterly datasets to examine the major drivers of nominal yields of long-term government bonds in a set of 11 euro zone countries. Furthermore, the autoregressive distributive lag (ARDL) methods are used to address the same question for individual countries. The results show that short-term interest rates are the most important determinants of long-term government bonds' nominal yields. These results support Keynes's view that short-term interest rates and other monetary policy measures have a decisive influence on long-term interest rates on government bonds.

TAGS: Debt and fiscal/monetary policies; Sovereign bond yields

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[The reinforcement effect of international reserves for financial stability] (2017)

Xingwang Qian, Andreas Steiner - University of Groningen

International reserves safeguard financial stability. This paper shows that this direct effect is reinforced by reserves' interaction with the maturity structure of external debt. The longer the average maturity of external debt, the stronger the marginal effect of international reserves.

TAGS: **Foreign Debt**; **Financial stability**

Sovereign debt issuance and selective default **(2017)**

Wojtek Paczos Kirill Shakhnov - European University Institute

The authors propose a novel theory to explain why sovereigns borrow on both domestic and international markets and why defaults are mostly selective (on either domestic or foreign investors). Domestic debt issuance can only smooth tax distortion shocks, whereas foreign debt can also smooth productivity shocks. If the correlation of these shocks is sufficiently low, the sovereign borrows on both markets to avoid excess consumption volatility. Defaults on both types of investors arise in equilibrium due to market incompleteness and the government's limited commitment. The model matches business cycle moments and frequencies of different types of defaults in emerging economies and the authors show our hypothesis is confirmed by the data. The authors also find, that secondary markets are not a sufficient condition to avoid sovereign defaults. The outcome of the trade in bonds on secondary markets depends on how well each group of investors can coordinate their actions.

TAGS: **Sovereign defaults**

Capital flows and sovereign debt markets: evidence from index rebalancings **(2017)**

Lorenzo Pandolfi, Tomas Williams - Universitat Pompeu Fabra, George Washington University

In this paper the authors analyze how government bond prices and liquidity are affected by capital flows to the sovereign debt market. Additionally, they explore whether these flows spill over to the exchange rate market. To tackle endogeneity concerns, the authors construct a measure of information free capital flows implied by mechanical rebalancings (Flows Implied by the Rebalancings - FIR) from the largest local-currency government-debt index for emerging countries. They find that FIR is positively associated with the returns on government bonds and with the depth of the sovereign debt market in the aftermath of the rebalancings. These capital flows also impact on the exchange rate market: larger inflows (outflows) are associated to larger currency appreciations (depreciations).

TAGS: **Financial Analysis**; **Market Liquidity**

Dissecting long-term Bund yields in the run-up to the ECB's Public Sector Purchase Programme **(2017)**

Wolfgang Lemke, Thomas Werner - European Central Bank

Starting in summer 2014, markets began to build up expectations that the European Central Bank (ECB) would embark on large-scale sovereign bond purchases. The ECB's Public Sector Purchase Programme (PSPP) was eventually announced on 22 January 2015 and purchases started in March. Both during the run-up phase to the PSPP announcement day and for the day itself, German government bond yields declined significantly. Using an affine term structure model, the authors evidence that the yield declines are almost fully attributable to a decline in the term premium as opposed to the expectations component. This speaks in favour of the conjecture that the PSPP transmits to long-term yields mainly via a portfolio re-balancing channel rather than a (policy rate) signalling channel. The results prove robust against changing the number of factors in the model, the estimation sample and the estimation approach.

TAGS: **Sovereign bonds yields**; **Debt and fiscal/monetary policies**

A Continuous Time Model of Sovereign Debt (2017)

Gideon Bornstein - Northwestern University

The author constructs a continuous time model of strategic default and provide a numerical algorithm that solves it. He compares the results and computation times to standard discrete time models of sovereign debt. The method proposed here is faster than discrete time computation methods while obtaining similar quantitative results. The few differences between the models can all be attributed to a feature in continuous time that is absent in discrete time, costly deleveraging. The author solves three variants of the model. The first includes short term maturity bonds only and a constant risk-free interest rate. The second allows for stochastic fluctuations in the risk-free rate. Finally, he extends the model to allow for long term maturity bonds.

TAGS: Sovereign defaults

Debt Crisis

Sovereign Debt Crises What Have We Learned? (2017)

Juan Pablo Bohoslavsky, Kunibert Raffer - United Nations, University of Vienna

There is an obvious need to learn more about why some countries succeed and others fail when dealing with debt crises. Why do some sovereign debtors overcome economic problems very quickly and at minor human rights costs for their people, while others remain trapped by debts for years struggling with overwhelming debt burdens and exacerbating economic problems and human suffering? This book analyzes fourteen unique or singular country cases of sovereign debt problems that differ characteristically from the 'ordinary' debtor countries, and have not yet received enough or proper attention - some regarded as successful, some as unsuccessful in dealing with debt crises. The aim is to contribute to a better understanding of the policy options available to countries struggling with debt problems, or how to resolve a debt overhang while protecting human rights, the Rule of Law and the debtor's economic recovery.

TAGS: Debt crisis; Debt sustainability; Debt and growth

Pathways through the silent crisis: innovations to resolve unsustainable Caribbean Public Debt (2017)

Cyrus Rustomjee - Centre for International Governance Innovation

Most of the 13 small states in the Caribbean region have been gripped by a silent debt crisis since 2000, experiencing stagnant growth and near-continuous unsustainable levels of public debt. Despite extensive fiscal adjustment, together with a series of debt restructurings, public debt levels remained unsustainable in 10 countries in 2015. Projections for future debt sustainability are also bleak. By 2020, debt will remain unsustainable in 11 of 13 Caribbean small states. Among small states, the prevalence of unsustainable debt is also becoming a largely Caribbean problem: in 2020, nearly three-quarters of all small states with unsustainable debt levels will be Caribbean countries. Taken together, these findings make a compelling special case for resolving unsustainable debt in Caribbean small states. In the absence of a new dynamic, there is a real prospect that, in dealing with unsustainable debt, these countries will have lost the first three decades of the twenty-first century, and foregone opportunities for poverty reduction, transformation and growth. New initiatives and momentum are needed in these countries, to reduce debt to sustainable levels and to establish more supportive international mechanisms to help

maintain debt sustainability once it is achieved […]
TAGS: **Debt sustainability**

Sovereign Credit Rating Determinants Under Financial Crises **(2017)**
João C. A. Teixeira, Francisco J. F. Silva, Manuel B. S. Ferreira Sr., José António Cabral Vieira - University of the Azores
This paper empirically examines the determinants of sovereign credit ratings using panel data of a sample of 86 countries for 1993-2013. It further investigates whether the countries' average credit rating differs for crisis and non-crisis periods, as well as for the different regions where the countries belong. At last, it examines how the dot-com bubble burst, the Asian crisis and the recent international financial crisis have affected the average rating of each region. The estimation results reveal that a set of macroeconomic, external, government and qualitative factors play an important role on sovereign credit ratings. Moreover, the results provide evidence of differences in the average rating for all geographical regions, except for North America and the Euro Zone. The paper suggests that while the recent international financial crisis had a negative effect on the average rating across all regions, the dot-com bubble burst had no effect on the rating of these regions and the Asian crisis only affected the average rating of Asian countries. Finally, the paper provides evidence that the downgrade on the average rating resulting from the international financial crisis had greater magnitude in the Euro Zone.
TAGS: **Sovereign Credit Ratings**; **Debt crisis**

Repurchase Agreements and the European Sovereign Debt Crises: The Role of European Clearinghouses **(2017)**
Angela Armakolla, Raphael Douady, Jean-Paul Laurent, Francesco Molteni - University of Paris 1 Pantheon-Sorbonne, Riskdata, European University Institute
This article investigates the European repo market and its role as an amplification channel for sovereign debt crises. The authors focus on the centrally cleared segment, representing the majority of European repos. A novel data set on repo and margin haircuts applied to sovereign bonds by central clearing counter parties (CCPs) is gathered, allowing us to assess the haircut methodologies used by the major European CCPs. The authors document that following increases in sovereign risk, haircuts set by major CCPs on peripheral sovereign bonds increased significantly. The pro-cyclicality of haircuts and the concentration of bilateral repos raise concerns about the CCP-intermediated repo market as a source of systemic risk in the Eurozone. This is however mitigated by the counter cyclical monetary policy of the European Central Bank (ECB).
TAGS: **Repo market**; **Financial stability**; **Market Liquidity**

'Whatever It Takes' to Resolve the European Sovereign Debt Crisis? Bond Pricing Regime Switches and Monetary Policy Effects **(2017)**
Antonio Afonso, Michael Arghyrou, Maria Dolores Gadea Rivas, Alexandros Kontonikas - University of Lisbon, Cardiff Business School, University of Zaragoza, Essex Business School
This paper investigates the role of unconventional monetary policy as a source of time variation in the relationship between sovereign bond yield spreads and their fundamental determinants. The authors use a two-step empirical approach. First, they apply a time-varying parameter panel modelling framework to determine shifts in the pricing regime characterising sovereign bond markets in the euro area over the period January 1999 to July 2016. Second,

they estimate the impact of ECB policy interventions on the time-varying risk factor sensitivities of spreads. Our results provide evidence of a new bond-pricing regime following the announcement of the Outright Monetary Transactions (OMT) programme in August 2012. This regime is characterised by a weakened link between spreads and fundamentals, but with higher spreads relative to the pre-crisis period and residual redenomination risk. The authors also find that unconventional monetary policy measures affect the pricing of sovereign risk not only directly, but also indirectly through changes in banking risk. Overall, the actions of the ECB have operated as catalysts for reversing the dynamics of the European sovereign debt crisis.

TAGS: Debt and fiscal/monetary policies

Is Small Beautiful? The Resilience of Small Banks During the European Debt Crisis (2017)

Cai Liu, Simone Varotto - University of Reading , ICMA Centre

The authors look at the lending behaviour of small and large banks in the Eurozone during the sovereign debt crisis. They find that relative to large banks, small banks in peripheral countries (1) do not tend to substitute private loans with public debt and, as a result, are less likely to contribute to a credit crunch in periods of crisis and, (2) are less pro-cyclical in that they exhibit a more stable lending behaviour across good and bad times. Their results support incentives embedded in new banking regulation that penalise bank size.

TAGS: Debt crisis; Sovereign debt exposure

The anatomy of financial vulnerabilities and crises (2017)

Seung Jung Lee, Kelly E. Posenau, Viktors Stebunovs - Board of Governors of the Federal Reserve System, The University of Chicago Booth School of Business

Authors extend the framework used in Aikman, Kiley, Lee, Palumbo, and Warusawitharana (2015) that maps vulnerabilities in the U.S. financial system to a broader set of advanced and emerging economies. Their extension tracks a broader set of vulnerabilities and, therefore, captures signs of different types of crises. The typical anatomy of the evolution of vulnerabilities before and after a financial crisis is as follows. Pressures in asset valuations materialize, and a build-up of imbalances in the external, financial, and nonfinancial sectors follows. A financial crisis is typically followed by a build-up of sovereign debt imbalances as the government tries to deal with the consequences of the crisis. First early warnings indicators which aggregate these vulnerabilities predict banking crises better than the Credit-to-GDP gap at long horizons. Indicators also predict the severity of banking crises and the duration of recessions, as they take into account possible spill-over and amplification channels of financial stress from one sector to another in the economy. Indicators are of relevance for macroprudential and crisis management, in part, because they perform better than the Credit-to-GDP gap and do not suffer from the gap's econometric flaws.

TAGS: Debt and recession; Debt crisis

International and Macroprudential regulations

Implementation and effects of the G20 financial regulatory reforms (2017)

Financial Stability Board

Ten years have passed since the onset of the worst financial crisis since the Great Depression. In 2009, the G20 launched a comprehensive programme of reforms, coordinated through the FSB, to increase the

resilience of the global financial system while preserving its open and integrated structure. Implementation progress continues but is uneven across the four core areas: Building resilient financial institutions; Ending too-big-to-fail; Making derivatives markets safer; Transforming shadow banking into resilient market-based finance. The evidence on effects of reforms to date shows that higher resilience is being achieved without impeding the supply of credit to the real economy. However, authorities need to remain vigilant in a number of areas: Maintaining an open and integrated global financial system; Market liquidity; Effects of reforms on emerging market and developing economies (EMDEs). Over the past year, the FSB completed assessments in two core reforms: OTC derivatives and Shadow banking. The FSB, in collaboration with the SSBs, has developed a framework for the post-implementation evaluation of the effects of G20 reforms. G20 Leaders' continued support is needed to implement fully the agreed reforms, and to reinforce global regulatory cooperation. [...]
TAGS: Financial stability; International and Macroprudential Regulations

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How Neutral is the Law of Sovereign Debt Restructuring? (2017)
Giuseppe Bianco - University of Oslo
The myth of neutrality permeates many spheres of international law. In the law of sovereign debt restructuring, it is under pressure, especially in the aftermath of the Global Financial Crisis. The key assumption is that the status quo allows the market to freely develop its own standards, and use contracts to autonomously structure their bargains. Secondly, the actors of sovereign debt restructuring (such as the Institute of International Finance) are sometimes labelled as hybrid public-private entities. This aims at legitimating them as neutral, by implying that they fairly and adequately take into account and balance all the interests at stake. Thirdly, the procedure followed by the International Monetary Fund (IMF) during a restructuring is supposed to be neutral, and follow the same steps for all countries affected. This paper critiques each of these assumptions. [...]
TAGS: Debt Restructuring

Debt Restructuring

Assessing the appropriate size of relief in sovereign debt restructuring (2017)
Martin Guzman, Domenico Lombardi - Columbia University Graduate School of Business , Centre For International Governance Innovation
This paper provides a methodology for assessing the appropriate size of debt relief in sovereign debt restructuring initiatives, with the baseline premise being that a restructuring must be principles based. The authors show how to calculate the amount of debt relief that restores sustainability with high probability subject to the satisfaction of other restructuring principles. The amount of debt relief is deemed appropriate if it leads to an economically and politically feasible fixed point for the primary surplus to GDP ratio in a "high" percent of possible future states of nature. Economic feasibility is defined by natural economic constraints, and political feasibility is defined by the constraints imposed by the restructuring principles. The authors also provide evidence suggesting that sovereign debt restructuring relief amounts to date have been 'too little'.
TAGS: Debt relief; Debt sustainability

Sovereign debt restructuring. Main drivers and mechanism (2017)
Risto Nieminen and Mattia Osvaldo Picarelli - EPRS – European Parliamentary Research Service

This briefing provides an overview of the main issues relating to the restructuring of sovereign debt, and outlines the factors which impact the decision as to whether or not to proceed with debt restructuring. Restructuring is a complex issue – it involves positive and negative aspects, which need to be analysed in order to be able to determine whether it can deliver any added value. 'A sovereign debt restructuring can be defined as an exchange of outstanding sovereign debt instruments, such as loans or bonds, for new debt instruments or cash through a legal process'.1 The current situation in the euro area, characterised by high levels of debt and the continuing trend of many Member States to run budget deficits, combined with a low growth environment, raises the issue of debt sustainability. In addition, the low level of inflation recorded in recent years (and deflation in some cases) has played an important role in the increase of debt burdens. The lack of an EU - level transparent framework for sovereign debt restructuring could potentially entail higher additional costs. As part of the EU's financial stability management instruments, sovereign debt restructuring could form a part of the EU toolbox.

TAGS: [Debt Restructuring]

[Argentina's Curse, Venezuela's Blessing: How to Restructure Venezuela's Debt Using Pari Passu] **(2017)**

Khaled Fayyad, Dimitrios Lyratzakis - Duke University

Given the escalation of Venezuela's crisis, many fear that the government and the state-owned oil company Petroleos de Venezuela, S.A. (PDVSA) are on the brink of insolvency. In this paper, the authors introduce a debt-restructuring plan that would allow Venezuela to restructure its debt in an orderly manner. They propose that Venezuela restructure both PDVSA debt and its own external debt via the use of Exchange Offers. To minimize the number of holdout creditors, they suggest that Venezuela primarily utilize the pari passu provisions in PDVSA and Venezuelan bonds that can be read as allowing the subordination of the notes according to Venezuelan law. In restructuring PDVSA bonds, this tactic can be supplemented by the use of exit consents, while in the case of the majority of Venezuelan bonds it can be supplemented by the use of Collective Action Clauses (CACs). The fact that debt subordination according to local (Venezuelan) law has been contracted for makes its use more legitimate than in past sovereign restructurings. While there are risks associated with this technique – especially because the particular pari passu language has not been tested in court – a creditor who chooses to holdout from a restructuring nonetheless faces a possibility of non-payment that is credible and contractually induced. This legitimate fear of non-payment may be sufficient to encourage large creditor participation and mitigate an expected holdout problem. Ironically, the pari passu clause that condemned Argentina might be the one to save Venezuela.

TAGS: [Debt Restructuring]; [Contract standards]

[Sovereign Debt Restructurings in Belize: Debt Sustainability and Financial Stability Aspects] **(2017)**

Tamon Asonuma, Michael G. Papaioannou, Gerardo Peraza, Kristine Vitola, Takahiro Tsuda - International Monetary Fund, Ministry of Finance Japan

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

TAGS: **Debt sustainability**; **Financial stability**

Deterring Holdout Creditors in a Restructuring of PDVSA Bonds and Promissory Notes (2017)

Lee C. Buchheit, G. Mitu Gulati - Cleary Gottlieb Steen & Hamilton LLP, Duke University School of Law

The prospect of the potential mischief that may be caused by holdout creditors in a Venezuelan sovereign debt restructuring is probably the main reason why the Maduro administration has not attempted such an exercise. The next administration in Venezuela — whenever and however it may arrive — will not want for suggestions about how to minimize or neutralize this holdout creditor threat. This short article is another contribution to that growing literature. Were the Republic of Venezuela to acknowledge that there really is only one public sector credit risk in the country, and that the distinction between Republic bonds and PDVSA bonds is an artificial construct, the Republic could offer to exchange PDVSA bonds for new Republic bonds at par. This would be the preliminary to a generalized debt restructuring of some kind affecting all outstanding bonds. The question will be, as it always is, how to discourage PDVSA creditors from declining to participate in such an exchange offer. One method might be for PDVSA to pledge all of its assets to the Republic in consideration for the Republic's assumption of PDVSA's indebtedness under its outstanding bonds and promissory notes. This is a step expressly permitted by PDVSA's bonds and promissory notes. Existing PDVSA creditors would be perfectly free to decline to exchange their exposure for new Republic bonds, but they would face the prospect that a senior lienholder (the Republic) would have a first priority claim over any PDVSA assets that the holdout may attempt to attach to satisfy a judgment against PDVSA. That realization should make them think twice about the wisdom of holding out.

TAGS: **Debt Restructuring**

Life after Default: Private vs. Official Sovereign Debt Restructurings (2017)

Silvia Marchesi - Centro Studi Luca d'Agliano development studies working papers

This paper studies the relationship between sovereign debt default and annual GDP growth taking into account the depth of a debt restructuring and distinguishing between commercial and official sovereign debt restructurings. Analyzing 73 default episodes in 117 countries over the period 1975-2013, it finds that defaults are correlated with contraction of short-term output growth. Most importantly, controlling for the severity of the default, it's able to detect a more lasting and negative link between default and growth. While higher private haircuts imply a negative stigma which is associated to lower growth over a longer period, higher amount of official restructuring may have some costs in the short-run, but are associated to an increase in growth in the long run. Adopting an alternative specification, in which the dependent variable is a country's credit rating, it finds very similar results for private haircuts and official restructurings. They are both associated to lower ratings up to seven years after the default. To the extent that credit ratings is a good proxy for borrowing costs, positive growth prospects for official defaulters seem not to be influenced by a lower reputation in the credit markets.

TAGS: **Sovereign Defaults**; **Debt Restructuring**; **Debt and growth**

Venezuela's Restructuring: A Realistic Framework **(2017)**

Mark Walker, Richard J. Cooper - Millstein & Co. , Cleary Gottlieb Steen & Hamilton LLP - New York Office

Venezuela is confronting an economic and financial crisis of unprecedented proportions. Its economy remains on a precipitous downward trajectory, national income has more than halved, imports have collapsed, hyperinflation is about to set in and the government continues to follow a policy of prioritizing the payment of external debt over imports of food, medicine and inputs needed to allow production to resume. Bad policies are complemented by bad news as oil production and prices have declined dramatically from previous highs. On the financial side, the country is burdened with an unsustainable level of debt and has lost market access. Venezuela will be unable to attract the substantial new financing and investment required to reform its economy without a comprehensive restructuring of its external liabilities.[…]

TAGS: **Debt Restructuring**; **Sovereign defaults**

Institutional and Organisational Framework

Explaining variation in Public Debt. A quantitative analysis of the effects of Governance **(2017)**

Andreas Eisl - Max Planck Sciences Po Center on Coping with Instability in Market Societies

This paper examines the main political influence factors accounting for the variation in public debt accumulation on a global scale. This allows for a reassessment of the recent focus on a regime type theory of public debt and for a test of an alternative governance theory. I argue that political stability, the rule of law, the control of corruption, government effectiveness, and regulatory quality promote lower public debt accumulation by reducing the incentives for governments to "borrow from the future," by increasing state capacity to collect taxes and effectively use public funds, and by providing more security and equity to private investment, inducing higher economic growth and tax revenues. Both theories are tested against a number of controls stemming from theories of public choice, theories of governmental distributional conflict, as well as from politico-institutional and macroeconomic explanations of public debt accumulation. Applying different specifications of quantitative models, the two governance indicators political stability and regulatory quality show consistent effects on public debt accumulation, partly confirming the proposed governance theory. Furthermore, the paper can reproduce a public debt-reducing effect of more democratic regime types across a number of model specifications – though without a high degree of robustness.

TAGS: **Debt sustainability**; **Debt and growth**

The time is right for a European Monetary Fund **(2017)**

André Sapir, Dirk Schoenmaker- Bruegel

The creation of the European Stability Mechanism (ESM) and the banking union were instrumental in stemming the euro-area sovereign crisis. However, both remain incomplete. While the ESM reduces the risk of sovereign debt crises, it still lacks an instrument to deal in an orderly way with insolvency crises. This makes the no-bailout clause of the Maastricht Treaty toothless. Two of the banking union's pillars – common European supervision by the European Central Bank and common European resolution by the Single Resolution Fund – are up and running. But the third, common European deposit insurance, is still missing. Furthermore, the governance of the ESM is wanting. Decisions to provide financial assistance are taken by unanimity, preventing swift crisis response when it is needed.[…]

TAGS: Multilateral financing; Debt crisis; Financial stability

The Case for an Independent Fiscal Institution in Japan (2016)

George Kopits - Woodrow Wilson Center

In response to the recent financial crisis and the ensuing buildup in public indebtedness, an increasing number of advanced economies have created independent fiscal institutions (IFIs) to improve the quality of public finances and to strengthen the credibility of government policy. A review of Japan's fiscal policymaking over the past decades suggests that Japan would greatly benefit from establishing an IFI in line with internationally accepted standards of good practice. Such an institution could help correct critical weaknesses in policymaking and anchor expectations, especially if introduced as part of a fiscal framework with a medium-term perspective.

TAGS: Debt sustainability; Transparency

Accounting, Statistics, Reporting and Auditing

International debt statistics 2017

World Bank Group

This year's edition of International Debt Statistics, successor to Global Development Finance and World Debt Tables, and the fourth in the series, is designed to respond to user demand for timely, comprehensive data on trends in external debt in low- and middle-income countries. It also provides summary information on the external debt of high-income countries and public (domestic and external) debt for a select group of countries. Presentation of and access to data have been refined to improve the user experience. The printed edition of International Debt Statistics 2017 now provides a summary overview and a select set of indicators, while an expanded dataset is available online.

TAGS: Debt Statistics

Guideline For The Audit Of Public Debt - 2017

Henry McGregor - INTOSAI Development Initiative (IDI)

This guide serves as an update to the 2012 guidance on public debt. The guide consists of two parts introduction to public debt management and Part 2 specific topics and related audit approaches. Other changes include 1. More focus on understanding public debt management 2. The structure has changed planning dealt with in the specific chapter and reporting has been taken out reference made to the ISSAI's 3. Borrowing activities and borrowing plan chapter now combined due to intertwined nature 4. More guidance added on the definition of public debt 5. The authors have also included new chapters for which material needed on lending and sustainability.

TAGS: Accounting, statistics, Reporting and Auditing; Best Practices

Macroeconomic Analysis

Public debt, corruption and sustainable economic growth (2017)

Eunji Kim, Yoonhee Ha, Sangheon Kim - Korea Women's Development Institute, Korea University, School of Public Administration and the Korea Institute of Public Affairs

There are many studies that look into the relationship between public debt and economic growth. It is hard to find, however, research addressing the role of corruption between these two variables. Noticing this vacancy in current literature, the authors strive to investigate the effect of corruption on the relationship between public debt and economic growth. For this purpose, the pooled ordinary least squares (OLS), fixed effects models and the dynamic panel generalized method of moments (GMM) models (Arellano-Bond, 1991) are estimated with data of 77 countries from 1990 to 2014. The empirical results show that the interaction term between public debt and corruption is statistically significant. This confirms the hypothesis that the effect of public debt on economic growth is a function of corruption. The sign of the marginal effect is negative in corrupt countries, but public debt enhances economic growth within countries that are not corrupt, i.e., highly transparent.

TAGS: Debt and growth

The effect of public debt on growth in multiple regimes in the presence of long-memory and non-stationary debt series (2017)

Irina Syssoyeva-Masson, João de Sousa Andrade - University of Savoy Mont Blanc, University of Coimbra

The study of the relationship between public debt and economic growth came again to the spotlight with the financial crisis (2007-2008) and with the sovereign debt crisis that followed in Europe. This literature aims to shed light about the sign, magnitude, mechanisms and threshold regimes relating debt to growth and to make policy recommendations with important consequences in terms of government's policies. The authors empirically investigate this relationship for a group of 60 countries for a long-time period (the shorter one from 1970 to 2012) using the historical public debt database (HPDD) built by the International Monetary Fund (IMF) and they defend that the empirical strategy underlying most of the studies on this topic should be revised. The authors claim that: a) the study of the long-memory property of the public debt GDP ratio and stationarity (using the last generation tests) has to be performed as a first step of the empirical analysis, what has been done using 87 countries; b) In the presence of a non-stationary public debt GDP ratio cointegration analysis was used to estimate the relationship between the public debt GDP ratio and output; c) under the no rejection of the null of no cointegration, the above mentioned relationship was studied between the public debt GDP ratio first difference and GDP growth rate using threshold models and searching for thresholds using a wide variety of variables. […]

TAGS: Debt and growth

International financial flows and external debt (2017)

Development Strategy and Policy Analysis Unit Development Policy and Analysis Division Department of Economic and Social Affairs - United Nations

Achieving the SDGs requires an enhanced global partnership for the mobilization of financial resources. Long-term financial flows, such as remittances, FDI and ODA, can support investments that are critical for productive employment and growth in developing countries. A review of recent trends suggests the need for a renewed

commitment and enhanced efforts by the international community to support financing for sustainable development. It also points out at potential risks of debt sustainability for a few developed and some emerging economies. […]
TAGS: **Foreign Debt**; **Debt sustainability**

Liquidity premiums on Government Debt and the Fiscal Theory of the price level (2017)

Aleksander Berentsen Christopher Waller - Federal Reserve Bank of St. Louis Research Division

Authors construct a dynamic general equilibrium model where agents use nominal government bonds as collateral in secured lending arrangements. If the collateral constraint binds, agents price in a liquidity premium on bonds that lowers the real rate on bonds. In equilibrium, the price level is determined according to the …fiscal theory of the price level. However, the market value of government debt exceeds its fundamental value. Authors then examine the dynamic properties of the model and show that the market value of the government debt can fluctuate even though there are no changes to current or future taxes or spending. The price dynamics are driven solely by the liquidity premium on the debt.

TAGS: **Debt and fiscal/monetary policies**; **Financial Analysis**

An analysis of debt sustainability in the economy of Pakistan (2017)

Khurram Ejaz Chandia, Attiya Y. - COMSATS Institute of Information Technology, Sahiwal, Pakistan, Pakistan Institute of Development Economics, Islamabad, Pakistan

The study provides a detailed analysis of debt sustainability in the economy of Pakistan. Literature on the issue of public debt considers it sustainable if the growth of debt is not greater than growth of GDP. Debt sustainability in the economy of Pakistan is tested by estimating fiscal reaction function where a positive relationship is found between surplus-to-GDP ratio and lag debt-to-GDP ratio. The small coefficient of debt-to-GDP indicates an existence of sustainability in its weak form. Afterwards, extended fiscal reaction function is estimated and results show that the value of coefficient of lag surplus-to-GDP ratio is positive and marginally significant which confirms the role of past surpluses in future. Debt dynamics is also analyzed. To analyze the effects of expenditure and revenue adjustment to debt, revenue and expenditure reaction functions are estimated and results are in support to inter temporal budget constraint as government has its role in fiscal adjustments by working on both the aspects i.e. revenue and expenditure. […]

TAGS: **Debt sustainability**

The Optimum Quantity of Debt for Japan (2017)

Tomoyuki Nakajima, Shuhei Takahashi - University of Tokyo, Kyoto University

Japan's net government debt is 130% of GDP in 2013. The present paper analyzes the effect of the large government debt on welfare. The authors use a heterogeneous-agent, incomplete-market model with idiosyncratic wage risk, a borrowing constraint, and endogenous labor supply. They calibrate the model to the Japanese economy using evidence based on macro-level and micro-level data. The authors find that the optimal level of government debt is 50% of GDP for Japan. The welfare cost of keeping government debt to 130% of GDP rather than the optimal level is 0.19% of consumption.

TAGS: **Debt Policy**; **Debt and growth**

[Financial Crises and Lending of Last Resort in Open Economies](#) (2017)

Luigi Bocola, Guido Lorenzoni - Federal Reserve Bank of Minneapolis, Northwestern University

The authors study financial panics in a small open economy with floating exchange rates. In our model, bank runs trigger a decline in domestic wealth and a currency depreciation. Runs are more likely when banks have dollar debt. Dollar debt emerges endogenously in response to the precautionary motive of domestic savers: dollar savings provide insurance against crises; so when crises are possible it becomes relatively more expensive for banks to borrow in local currency, which gives them an incentive to issue dollar debt. This feedback between aggregate risk and savers' behavior can generate multiple equilibria, with the bad equilibrium characterized by financial dollarization and the possibility of bank runs. A domestic lender of last resort can eliminate the bad equilibrium, but interventions need to be fiscally credible. Holding foreign currency reserves hedges the fiscal position of the government and enhances its credibility, thus improving financial stability.

TAGS: Debt crisis; Financial stability

Does External Debt Lead to Growth in the Presence of Quality Institutions? (2017)

Junaid Ahmed - Capital University of Science and Technology

Debt, domestic as well as external, has always been a part of the lives of nations. Governments borrow to cover budget deficits, invest on physical and human capital in order to kick start the economy and to maintain balance of payments. External debt in particular has grown into importance since the end of the Second World War when international lending organizations such as the Bretton Woods Institutions were established. The stock of external debt owed by low- and middle-income countries reached US $6.7 trillion in 2015. In 2015, external debt accounted for 26 percent of the Gross National Income (GNI) of the low- and middle-income countries and 98 percent of their export receipts. […]

TAGS: Debt and growth; Foreign Debt

Model-Based Estimation of Sovereign Default Risk (2017)

Inci Gumus, Munechika Katayama, Junko Koeda - Sabanci University, Waseda University

The authors estimate a canonical sovereign debt crisis model from Arellano (2008) for Argentina via maximum simulated likelihood estimation. Despite its focus on idiosyncratic risk, the estimated model accounts for the overall default patterns of Argentina. The model-implied business cycle properties are consistent with Arellano's findings, with some caveats. Our novel real-time default probability measure, which exploits model nonlinearity, performs better than a logit model in predicting the timing of default events.

TAGS: Sovereign defaults

Public Debt and Economic Growth: Further Evidence for the Euro Area (2017)

Marta Gómez-Puig, Simon Sosvilla-Rivero - University of Barcelona; Complutense Institute for International Studies

This paper empirically investigates the short and long-run impact of public debt on economic growth. The authors use annual data from both central and peripheral countries of the euro area (EA) for the 1961-2013 period and estimate a production function augmented with a debt stock term by applying the Autoregressive Distributed Lag (ARDL) bounds testing approach. Our results suggest different patterns across EA countries and tend to support the view that

public debt always has a negative impact on the long-run performance of EA member states, whilst its short-run effect may be positive depending on the country.
TAGS: Debt and growth

Time-varying effects of public debt on the financial and banking development in the central and eastern Europe (2017)

Karel Janda, Oleg Kravtsov - Department of Banking and Insurance, University of Economics, Prague

In this paper the authors investigate the time varying effects of domestic public debts on the financial development, private credit and banking performance in the countries of the Central Eastern Europe, Balkan and Baltics region. By analyzing the empirical relationships among indicators and ratios of financial development and banking performance, the authors test their time-varying responses to changes in public debt through the described transmission channels. The econometric results suggest that the most significant determinant of private debt is the growing public debt over the short-midterm horizon. This might imply the crowding-out effect of public debt on private credit in the region. The growth of public debt positively impacts the banking sector efficiency only over the short-term period, while the authors observe only minor time effects in responses to changes in public debt on the financial stability indicators.
TAGS: Bond market development; Debt sustainability; Financial stability

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Why does U.S public debt flow to China? (2016)

Marina Azzimonti, Xin Tang - Stony Brook University Wuhan University

Report shows that the massive flows of U.S public debt to China can arise as an equilibrium outcome of a model where governments issue debt to help domestic entrepreneurs insure against idiosyncratic investment risks. Precautionary motive of entrepreneurs pushes down equilibrium interest rate. Hence in autarky, the country with lower investment risks (the U.S) has higher interest rate and lower stock of debt. When it integrates with a country with higher investment risks (China), the extra precautionary demand drives the interest rate down further, lowering the borrowing cost. As a result, the U.S issues more debt, and much of these debt flows to China.
TAGS: Foreign Debt; Debt sustainability Sovereign bonds yields

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Economic Policies

Are there common structural determinants of potential output growth in Europe ? An empirical exercise for 11 EMU countries (2017)

Roberta De Santis, Piero Esposito, Elena Masi - Italian Ministry of Economy and Finance

GDP growth in the Eurozone during the last twenty years continuously decreased. In addition, the global financial crisis and subsequent events seem to have, on average, shifted the trajectory of the Eurozone's potential output downward. A key question is whether this trend is a permanent result of "secular stagnation" or if economic policies might improve the situation. In this paper, we test the impact of several structural determinants of potential output growth using a dynamic panel data methodology for 11 main EMU members for the period 1996-2014. We also take into account the role of fiscal policy stance and debt dynamics to assess whether European fiscal rules, especially in the aftermath of the financial and sovereign debt crises, contributed to the slowdown of potential growth. Estimated results suggest that population, tertiary education, research and development expenditure, trade and financial openness, and institutional quality contributed significantly to potential output growth in the EMU during the period under examination. The authors further find that debt accumulation affects positively and significantly potential growth for debt values up to 90% of GDP.

TAGS: Debt and growth; Debt and fiscal/monetary policies

Discretionary fiscal policy in the euro area: past, present and future (2017)

Francesco Caprioli, Marzia Romanelli and Pietro Tommasino - Bank of Italy – DG Economics, Statistics and Research

The depth and the length of the recent crisis prompted a more positive re-assessment of a countercyclical fiscal stance, especially in the euro area. Against this background, the authors look at discretionary fiscal policy in the euro area from three different perspectives. First, they provide evidence that the discretionary fiscal policy in euro-area countries has been mostly a-cyclical even if our estimates suggest that using it counter-cyclically could have been useful, particularly during the crisis. Second, focusing on the short-run - i.e. taking as given the economic and institutional constraints that currently make a significant fiscal expansion quite unrealistic in Europe - they discuss some budget-neutral proposals aimed at fostering economic growth. Finally, taking a more forward-looking perspective, the authors discuss the issue of the appropriate fiscal stance for the euro area as a whole, and argue that the advantages of having a coordinated approach (e.g. through a centralized fiscal capacity) can be substantial.

TAGS: Debt and fiscal/monetary policies; Debt crisis

Will Rising Interest Rates Lead to Fiscal Crises? (2017)

Olivier J. Blanchard and Jeromin Zettelmeyer – PIIE

A balanced, broad-based economic recovery seems under way in all major regions of the world. Managing the recovery poses challenges in the short run but they appear relatively benign. Looking forward, however, the authors see a set of new risks: (1) Partly because of the crisis and partly because of subsequent low growth, public debt has reached postwar historical highs in many advanced countries; (2) productivity growth, and with it potential growth, has declined. Whether it remains low or picks up in the future is uncertain; (3) interest rates are expected to increase from their current low levels. By how much and at what pace is—again—uncertain; and (4) many advanced countries have strong populist movements (or even populist leaders) espousing risky macroeconomic policies. The authors warn that rising interest rates, combined with low growth, high debt, and populist pressure, would be a recipe for fiscal crises.

TAGS: Debt sustainability; Debt and growth; Debt and fiscal/monetary policies

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Coping with the international financial crisis at the national level in a European context (2017)

Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA) - European Commission

This technical report, published by the staff of the European Commission, outlines the policy actions taken by EU countries in the financial sector between 2008 and 2015 in response to the global financial crisis. The report looks at reforms both at European and national level and shows that decisive action in the aftermath of the crisis paid off: credit growth to the private sector has been expanding although the situation remains uneven across the Union. Confidence has returned to the financial sector, with a lower reliance on central bank borrowing. Banks are stronger thanks to higher capital buffers. Still, work is continuing to address vulnerabilities, such as the high level of non-performing loans and yield spreads. Financial sector country surveillance has gained in importance in the European Semester and in the Commission's macroeconomic imbalances procedure.

TAGS: **Debt crisis**; **International and Macroprudential Regulations**

On Fiscal Austerity and National Debt: A Retrospective Approach to the Public Finances of Greece (2017)

Christos F. Stournaras - Independent

The growth considerations of fiscal policy reflecting budgetary imbalances, public debt evolution and methods of government finance, as well as the policy ensuing dynamic effects of the transition path toward equilibrium positions continue to be the dominant issues in international macroeconomics. Of paramount importance in both theoretical advances and empirical strategies is the crucial issue of fiscal austerity, and particularly its self-defeating attributes, as a means to correcting budget deficits while maintaining the sustainability of national debt, in conjunction to the worldwide impact of financial recession along with the procyclicality bias of the fiscal authorities, fraught with political-economy vagaries emerging in the process, which challenged many of the founding tenets of the traditional macrofinancial policy mix in smoothing aggregate demand and supporting a solid recovery trajectory with viable output growth rates and employment prospects. […]

TAGS: **Debt and fiscal/monetary policies**

Nigerian Fiscal Federalism: Economic Growth and Public Debt Management Paradigm (2017)

Emmanuel Ikechukwu Okoye, Ikechuku Mentor Owuru, Ngozi Blessing Ndum - Nnamdi Azikiwe University

The public sector clothed in federalism plays a central role in influencing macroeconomic environment. Therefore, this study aims at exploring Nigerian fiscal federalism to ascertain the impact of Nigerian public debt management paradigm on economic growth. Relevant data were obtained from CBN Annual Report and Statement of Account (Draft) and CBN Statistical Bulletin: Financial Statistics. SPSS version 16.0 was employed to run – regression analysis, correlation coefficient, coefficient of determination and Analysis of Variance ANOVA as well as standard error-test. It was found that there is no correlation between Nigerian fiscal relation and economic growth, Nigerian public debt management model does significantly influence economic growth and that there is no correlation between Nigerian economic growth and Foreign Direct Investment attraction. It is therefore, recommended that the public sector should holistically appraise economic growth determinants in order to bring Nigeria back to a pragmatic approach towards speedy economic recovery from recession and to revamp the economy through judicious application of every loan obtained.

TAGS: **Debt Policy**; **Debt and growth**

Fiscal Policy Stabilisation and the Financial Cycle in the Euro Area (2017)

Cinzia Alcidi - CEPS Centre for European Policy Studies

This paper examines the impact of the financial cycle on the capacity of the economy to deal with shocks, with a particular focus on fiscal policy in the euro area member states. It starts by measuring national financial cycles and investigating the synchronisation across them as well as their relationship to the medium-term business cycle. It finds that financial cycles tend to be synchronised but their amplitudes differ significantly across countries. Business cycles tend to be positively correlated with the financial cycle, but they usually are smaller. The paper then examines if and how the financial cycle affects international risk-sharing among euro area member states and finds that economic booms and busts are often associated with phases of financial integration and disintegration at the level of the euro area. Such developments are reflected in the degree of international risk-sharing, which turns out to behave procyclically. Lastly, the capacity of domestic fiscal policy to smooth asymmetric shocks in the euro area declines dramatically during recessionary phases of the domestic financial cycle. The paper concludes that macroprudential policies are an important tool for preventing excessive swings in the financial cycle, but they should be complemented by a central stabilisation mechanism, which can make both capital markets and fiscal policy more resilient to disruption associated with the financial cycle.

TAGS: **Debt and fiscal/monetary policies**

Sovereign debt and structural reforms **(2016)**

Andreas Müller, Kjetil Storesletten, Fabrizio Zilibotti - University of Oslo, Department of Economics

Sovereign debt crises and economic reforms have been salient intertwined policy issues throughout the Great Recession, especially in Europe. Economic theory offers two simple policy prescriptions for countries suffering a temporary decline in output. First, they should borrow on international markets to smooth consumption. Second, they should undertake reforms .possibly painful ones in the short run to speed up economic recovery. However, these prescriptions run into difficulties in the presence of limited enforcement issues. On the one hand, risk sharing is hampered by rising default premia. On the other hand, a large outstanding debt can reduce the borrower's incentive to undertake economic reforms to boost economic growth since some of the gains from growth would accrue to the lenders. To cast light on these trade-offs and to derive positive and normative predictions, this paper proposes a dynamic theory of sovereign debt that rests on four building blocks. The first is that sovereign debt is subject to limited enforcement, and that countries can renege on their obligations subject to real costs. The second building block is that whenever creditors face a credible default threat, they can make a renegotiation offer to the indebted country. This approach conforms with the empirical observations that unordered defaults are rare events, and that there is great heterogeneity in the terms at which debt is renegotiated. The third building block is the possibility for the government of the indebted country to make structural policy reforms that speed up recovery from an existing recession. The fourth building block is that reform effort is not contractible nor can markets commit to punish the past bad behavior of sovereign governments. […]

TAGS: **Debt sustainability**; **Structural policies**

Multilateral Financing

Debt Relief and Good Governance: New Evidence **(2017)**

Andreas Freytag, Jonatan Pettersson, Julian Schmied - Friedrich Schiller University Jena & Stellenbosch University Jena, Stockholm University, The Max Planck Institute for Demographic Research Rostock

Since the introduction of the HIPC Initiative in the early 2000s, indebted LICs had to show a decent governance performance before their debts were forgiven. The authors discuss the hypothesis that during the follow-up, Multilateral Debt Relief Initiative (MDRI), the World Bank has refrained from this policy, and that debt relief decisions are rather politically driven. They test different political economy theories by applying panel models to a set of debtor and creditor countries, respectively. Our main finding shows, that improvements in governance quality led to higher levels of debt forgiveness in 2000-2004, but not in the subsequent periods.

TAGS: **Debt relief**

International Best Practices

Good Practices in Developing Bond Market: with a focus on government bond market (2017)

Association of Southeast Asian Nations Plus Three

Beginning in 1997, Asia suffered a dramatic financial crisis. Thailand was first hit, followed by Indonesia and the Republic of Korea. The root cause, which created risks and eventually led to the crisis, was the so-called "double mismatch problem." That is, businesses borrowed short term bank loans in a foreign currency to finance long-term investments that generated returns in a domestic currency. This problem is structural and differs from a more traditional debt crisis caused by over-borrowing, such as those in Latin America in the early 1980s. Experts inside and outside the region identified the need to develop domestic bond market to address the root cause of the 1997/98 Asian financial crisis. This paper will not focus on examining the behavior of businesses and financial institutions in creating the double mismatch problem. Instead, it focuses on how countries in Asia addressed the problem by developing their domestic bond markets.

TAGS: **Best Practices**; **Debt crisis**; **Bond market development**

Debt Sustainability Analyses for Low-Income Countries: An Assessment of Projection Performance (2017)

Henry Mooney, Constance de Soyres - International Monetary Fund

This paper develops new error assessment methods to evaluate the performance of debt sustainability analyses (DSAs) for low-income countries (LICs) from 2005-2015. The authors find some evidence of a bias towards optimism for public and external debt projections, which was most appreciable for LICs with the highest incomes, prospects for market access, and at 'moderate' risk of debt distress. This was often driven by overly-ambitious fiscal and/or growth forecasts, and projected 'residuals'. When they control for unanticipated shocks, the authors find that biases remain evident, driven in part by optimism regarding government fiscal reaction functions and expected growth dividends from investment.

TAGS: **Debt sustainability**

Medium-Term Budget Frameworks in Sub-Saharan African Countries (2017)

Richard Allen, Taz Chaponda, Lesley Fisher, Rohini Ray - International Monetary Fund

More than 15 years ago, many countries in sub-Saharan Africa embarked on a program of budgetary reform, an important element of which was a medium-term budget framework (MTBF). This working paper focuses on the performance of these frameworks in six countries— Kenya, Namibia, South Africa, Tanzania, Uganda, and Zambia. It assesses the effectiveness of MTBFs in achieving improved fiscal discipline, resource allocation, and certainty

of funding, as well as wider economic and social criteria such as poverty reduction and more efficient public investment. In most countries, early successes were not sustained, and budgetary outcomes did not improve, partly for technical reasons, such as poor data and inadequate forecasting methodologies, but also because the reforms were largely supply driven. The paper argues that the development of MTBFs typically falls into four distinct phases. To make the transition from one phase to the next, developing countries should focus on building their capability in macrofiscal forecasting and analysis, and in improving the credibility of the annual budget process.
TAGS: Debt and fiscal/monetary policies

Reports

Debt management report 2017-18
UK HM Treasury
The 'Debt management report' (DMR) is published in accordance with the 'Charter for Budget Responsibility'.1 The Charter requires the Treasury to "report through a debt management report – published annually – on its plans for borrowing for each financial year" and to set remits for its agents. The Charter requires the report to include: the overall size of the debt financing programme for each financial year; the planned maturity structure of gilt issuance and the proportion of index-linked and conventional gilt issuance; a target for net financing through NS&I. […]
TAGS: Primary market; Debt Policy; Cost and Risk

Developments in public debt in Spain in 2016
Mar Delgado, Blanca García, Leonor Zubimendi- Bank of Spain
In 2016, the public debt/GDP ratio fell for the second year running since 2008, dipping to 99.4% against 99.8% in 2015 (see Chart 1). The combination of high economic growth and a favourable deficit-debt adjustment1 has enabled the effect of the budget deficit on general government debt to be offset. […]
TAGS: Debt Policy; Debt statistics

ifo DICE Report 1/2017: The Eurozone's Price Stability Target and the European Debt Crisis
Ifo Institute
This report presents various items regarding the IFO institute research activity. It also collects presentations to the Forum The Price-Stability-Target in the Eurozone and the European Debt Crisis. […]
TAGS: Debt crisis; Debt and fiscal/monetary policies

General government gross public debt (Maastricht definition) as a percentage of GDP, 1970 - 2018
CESifo Group Munich
On March 2017, the CESifo group has published the General government gross public debt (Maastricht definition) as a percentage of GDP, 1970 – 2018. […]
TAGS: Debt statistics

[Packing a library of knowledge in a carry-on: attending the Public Debt Management Workshop in Vienna]

Mario Augusto Caetano Joao- Advisor to the World Bank Group Executive Director Advisor to the ED for Angola/Nigeria/South Africa

There were two one-week workshops back-to-back, one on Designing Debt Management Strategies, especially for middle office staff (July 17-21) and the other on Implementing Debt Management Strategies, especially for front office staff (July 24-28). […]

TAGS: **Debt Policy**

Principles for financial market infrastructures. Disclosure for Central Money markets unit

Hong Kong monetary authority central moneymarkets unit

The Central Moneymarkets Unit (CMU), established in 1990, is owned by the Hong Kong Monetary Authority (HKMA) and operated as a unit of the HKMA to provide clearing, settlement and custodian service for debt securities issued by both public and private sector entities denominated in Hong Kong dollar and other major currencies. […]

TAGS: **Market Liquidity**; **Trading platforms**; **Financial stability**

Brazil Monthly Debt Report - September 2017

Brazilian National Treasury

Primary Market Transactions - Federal Public Debt (FPD) issuances reached BRL 56.73 billion, while redemptions totaled BRL 57.05 billion, resulting in net redemptions of BRL 0.32 billion. Of the total, BRL 0.46 billion refers to net redemptions of Domestic Federal Public Debt and BRL 0.14 billion to net issuances of External Federal Public Debt. […]

TAGS: **Debt Statistics**

OECD Economic Surveys: United Kingdom 2017

OECD

After a good performance until 2016, growth slowed in the first half of 2017. The unemployment rate has fallen to below 4.5%, but real wages are in a downward trend. Planned Brexit has raised uncertainty and dented business investment. Negotiating the closest possible EU-UK economic relationship would limit the cost of exit. […]

TAGS: **Financial stability**; **Debt and fiscal/monetary policies**

National Accounts of OECD Countries, Financial Accounts 2016

OECD

The National Accounts of OECD Countries, Financial Accounts includes financial transactions (both net acquisition of financial assets and net incurrence of liabilities), by institutional sector (non-financial corporations, financial corporations, general government, households and non-profit institutions serving households, total economy and rest of the world) and by financial operation. […]

TAGS: **Debt statistics**

National Accounts of OECD Countries, Financial Balance Sheets 2016

OECD

The National Accounts of OECD Countries, Financial Balance Sheets includes financial stocks (both financial assets and liabilities), by institutional sector (non-financial corporations, financial corporations, general government, households and non-profit institutions serving households, total economy and rest of the world) and by financial instrument. […]

TAGS: [Debt statistics]

[Designing a better shock absorber in South Africa]

The World Bank Treasury

South Africa partnered with the World Bank's Government Debt and Risk Management (GDRM) program, a World Bank Treasury initiative sponsored by the Swiss State Secretariat for Economic Affairs (SECO), to develop better benchmarks for managing South Africa's risk exposure and find a more suitable modeling tool to analyze the cost and risk factors in their debt portfolio.

TAGS: [World Bank]; [GDRM Program]

[India public debt management quarterly report April-June 2017]

Government of India Ministry of Finance Budget Division

The report gives an account of the public debt management and cash management operations during the quarter, and attempts a rationale for major activities. The report also tries to provide detailed information on various aspects of debt management. […]

TAGS: [Debt Statistics]; [Cash Management]; [Primary market]; [Market Liquidity]

[Declining long-term interest rates and implications for monetary policy: The case of Japan]

Sayuri Shirai- Keio University

Interest rates in many advanced economies have been declining since the 1990s. This column takes a close look at the case of Japan. In 2013 the Bank of Japan pursued a policy of quantitative and qualitative monetary easing that aimed to lower the real interest rate substantially below its natural rate. […]

TAGS: [Sovereign bonds yields]; [Debt and fiscal/monetary policies]

[Can increased public spending pay for itself?]

Geoff Tily - TouChstone, Trades Union Congress

TouChstone post-election poll (among others) has showed, there is now a clear majority in favour of 'Maintaining decent public services even if that means my taxes go up'. This is a far cry from some of the rhetoric during the election campaign, when talk of 'magic money trees' was used to dismiss anyone calling for higher spending. […]

TAGS: [Debt and fiscal/monetary policies]

[World economic outlook, October 2017 seeking sustainable growth: short-term recovery, long-term challenges]

IMF

The global upswing in economic activity is strengthening, with global growth projected to rise to 3.6 percent in 2017 and 3.7 percent in 2018. Broad-based upward revisions in the euro area, Japan, emerging Asia, emerging Europe, and Russia more than offset downward revisions for the United States and the United Kingdom. […]

[G-7 fundamental elements for effective assessment of cybersecurity in the financial sector]

G8 – Toronto

Recognizing the continued pervasiveness of cyber risks and the need for sustained efforts to enhance cybersecurity in the financial sector, the G-7 developed a set of fundamental elements for the effective assessment of cybersecurity. In October 2016, the G-7 published the G-7 Fundamental Elements of Cybersecurity for the Financial Sector ('G7FE'). […]

TAGS: International and Macroprudential Regulations; Financial stability

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Abenomics and the Japanese economy

James McBride, Beina Xu - Council on Foreign Relations

Japanese Prime Minister Shinzo Abe has introduced an audacious set of economic policies designed to spur the country out of its decades-long deflationary slump. The results have so far been mixed […]

TAGS: Debt and fiscal/monetary policies

Ten years after the crisis: Looking back, looking forward

Richard Baldwin Thomas Huertas Tessa Ogden - President of CEPR Ernst & Young CEO, CEPR

The Global Crisis started ten years ago and proved a turning point in global economic policy. CEPR organised a high-level conference to discuss whether the regulatory reaction has been sufficient and where the next crisis might come from. […]

TAGS: Debt crisis; International and Macroprudential Regulations

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Global financial stability report October 2017: is growth at risk?

IMF

The October 2017 Global Financial Stability Report (GFSR) finds that the global financial system continues to strengthen in response to extraordinary policy support, regulatory enhancements, and the cyclical upturn in growth. Global bank balance sheets are stronger because of improved capital and liquidity buffers, amid tighter regulation and heightened market scrutiny. […]

TAGS: Financial stability

Debt capital markets in UK (England and Wales): regulatory overview

Anna Delgado , Tim Morris - Ashurst LLP

A Q&A guide to debt capital markets law in the United Kingdom (England and Wales). The Q&A gives an overview of legislative restrictions on selling debt securities, market activity and deals, structuring a debt securities issue, main debt capital markets/exchanges, listing debt securities, continuing obligations, advisers and documents, debt prospectus/main offering document, timetables, tax, clearing and settlement, and reform.

TAGS: International and Macroprudential Regulations; **Primary market**

Markets: exchange or over-the-counter

Randall Dodd – IMF

Financial markets are complex organizations with their own economic and institutional structures that play a critical role in determining how prices are established—or "discovered," as traders say. These structures also shape the orderliness and indeed the stability of the marketplace. […]

TAGS: Market Liquidity

Can Somalia find the debt relief necessary for development?

Ilya Gridneff - IPI Global Observatory

With economic growth gathering pace, Somalia's capital Mogadishu is considered a beacon of hope for the fragile post-conflict state. New businesses, returning diaspora, and an energetic younger generation all contribute to growing prosperity and confidence. […]

TAGS: Debt sustainability; Debt relief; Debt and growth

[Five steps to reduce the public debt](#)
Witold Gadomski - FinancialObserver.eu
In spite of the EU directive recommending the application of the fiscal rules and the supervision of the budget targets, in the years 2010-2016 only seven EU member states reduced their debt-to-GDP ratio. […]
TAGS: Debt Policy; Debt sustainability; International and Macroprudential Regulations; Debt and fiscal/monetary policies;

MiFID II/R implementation in secondary markets
ICMA
Includes MiFID II's pre- and post-trade transparency requirements (including SI Regime), new market structure, best execution reporting obligations, and new research dynamics.
TAGS: International and Macroprudential Regulations

An investigation of the root causes of the Greek crisis
Paul-Adrien Hyppolite - École normale supérieure
The Greek crisis is typically seen as a sovereign debt crisis. Using a new dataset, this column explores the dynamics of national wealth accumulation in Greece over the past two decades. It argues that, despite certain idiosyncrasies, the Greek crisis can be better characterised as a balance of payments crisis. […]
TAGS: Debt crisis

Declining long-term interest rates and implications for monetary policy: The case of Japan
Sayuri Shirai - Keio University
Interest rates in many advanced economies have been declining since the 1990s. This column takes a close look at the case of Japan. In 2013 the Bank of Japan pursued a policy of quantitative and qualitative monetary easing that aimed to lower the real interest rate substantially below its natural rate. […]
TAGS: Sovereign bonds yields; Debt and fiscal/monetary policies

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ESMA finalises MiFID II's derivatives trading obligation
ESMA
The European Securities and Markets Authority (ESMA) issued its final draft Regulatory Technical Standard (RTS) implementing the trading obligation for derivatives under the Markets in Financial Instruments Regulation (MiFIR). […]
TAGS: Derivatives; International and Macroprudential Regulations

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Structure of government debt
Eurostat
This article presents recent statistics on the structure of general government debt and its relationship to gross domestic product (GDP) in the European Union (EU). In the context of the SGP's Excessive deficit procedure notification process, Eurostat publishes government debt data twice a year, in April and October, as well as quarterly government debt data transmitted to it in line with Regulation 549/2013 (ESA2010 transmission programme). […]
TAGS: Debt statistics

Guarantees Report-1st Third (2017)

Tesouro Nacional – Brazil

According to Article 29, IV, and Article 40 of the Brazilian Fiscal Responsibility Law (FRL), Federal Guarantees can be classified in two categories. The first and most common are the guarantees on credit loans, which correspond to the guarantees offered by the Federal Government towards Government Related Entities (GRE), subnational governments, State Owned Enterprises (SOE) and Controlled Entities according to legal definitions. […]

TAGS: **Contingent Liabilities**

Building on the achievements of post-crisis reforms

Mario Draghi - European Central Bank

The conference coincides with the tenth anniversary of the start of the global financial crisis in the summer of 2007. The crisis shook the European Union to the core, and required substantial policy actions to stabilise the economy and the financial system. […]

TAGS: **Financial stability**; **International and Macroprudential Regulations**

How treasury issues debt

Grant A. Driessen - Congressional Research Service

The U.S. Department of the Treasury (Treasury), among other roles, manages the country's debt. The primary objective of Treasury's debt management strategy is to finance the government's borrowing needs at the lowest cost over time. […]

TAGS: **Debt Policy**; **Primary market**

A brief guide to the UK public finances

Office for budget responsibility

This guide provides a brief introduction to the UK public finances and to the terms used to describe them in the official statistics. In doing so authors are looking at the finances of the public sector as a whole – which encompasses not just central government, but also the devolved administrations, local councils and public corporations. […]

TAGS: **Debt forecasts**

World economic situation and prospects

United Nations

In 2016, the world economy expanded by just 2.2 per cent, the slowest rate of growth since the Great Recession of 2009. Underpinning the sluggish global economy are the feeble pace of global investment, dwindling world trade growth, flagging productivity growth and high levels of debt. […]

TAGS: **Debt forecasts**; **Debt sustainability**; **Debt and growth**

African economic outlook 2017

African Economic Outlook

The African Economic Outlook (AEO) 2017 shows that the continent's performance was uneven in 2016 in regard to economic, social and governance indicators, but prospects are favourable for 2017 and 2018. […]

TAGS: **Debt and growth**; **Debt sustainability**; **Debt and fiscal/monetary policies**

General government debt

OECD

General government debt-to-GDP ratio is the amount of a country's total gross government debt as a percentage of its GDP. It is an indicator of an economy's health and a key factor for the sustainability of government finance. […]
TAGS: Debt statistics

Government debt up to 89.5% of GDP in euro area
Eurostat
At the end of the first quarter of 2017, the government debt to GDP ratio in the euro area (EA19) stood at 89.5%, compared with 89.2% at the end of the fourth quarter of 2016. In the EU28, the ratio also increased from 83.6% to 84.1%. Compared with the first quarter of 2016, the government debt to GDP ratio fell in both the euro area (from 91.2% to 89.5%) and the EU28 (from 84.3% to 84.1%). […]
TAGS: Debt statistics

Singapore - the gateway to Asia's Bond Market
Jacqueline Loh - Monetary Authority of Singapore
In 2016, Asia's debt issuance at USD 1.3 trillion made up about one-fifth of global debt issuance, but at 20% y-o-y, grew twice as quickly. A focused Asian edition will help to make the Forum more accessible to issuers, investors and intermediaries based in Asia. […]
TAGS: Financial Analysis; Bond market development

News

The **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

All workshops, courses and events reported by the PDM Network Secretariat on the Bimonthly Newsletter are previously uploaded, on a steady and almost daily basis, on our website www.publicdebtnet.org in the dedicated section "Events", as soon as the Secretariat gets information and quite in advance to the related deadline.
A previous and timely information about the events to come is thus allowed to all the website users by checking this section, also including a "calendar" function.
The further publication in the Bimonthly Newsletter is intended for a different goal, as a way to provide every two months our subscribers with an at-a-glance list of the events that took place or will take place after they received the previous Newsletter.
However, please note that the PDM Network Secretariat is not involved in any programming activity of the courses and events reported on our website and then in the Newsletter, but it offers – at the best of its knowledge - a facility to help to identify, among the huge amount of information available on internet, a more selective view on topics on public debt management and related matters.

5 – 6 October 2017 - Graduate Institute's Centre for Finance and Development, Graduate Institute, Geneva, Switzerland
[Interdisciplinary Sovereign Debt Research and Management Conference (DebtCon)]

10 – 15 October 2017 - SUERF The European money and finance forum, Unicredit & Universities, Wien, Austria
[Call for Papers - 5th SUERF/UniCredit & Universities Foundation Research Prize . Current and future topics in sovereign debt markets]

24 – 25 October 2017 – OECD, OECD Conference Centre, Paris, France
[4th OECD green investment financing forum]

30 October – 3 November 2017 - IMF's South Asia Training and Technical Assistance Center (SARTTAC), New Delhi, India
[Fiscal Sustainability (FS)]

31 October 2017 – UNCTAD, Geneva, Palais des Nations, Room XVII, Switzerland
[UNCTAD-ISAR workshop on practical implementation of IPSAS]

8 – 10 November 2017 – UNCTAD, Geneva, Palais des Nations, Room XVII, Switzerland
[Intergovernmental group of experts on financing for development, first session]

9 – 10 November 2017 - ICMA International Capital Market Association, London, UK
[Fixed income portfolio management]

13 – 14 November 2017 - ICMA International Capital Market Association, London, UK
[Inflation-linked Bonds and structures]

13 – 15 November 2017 – UNCTAD, Geneva, Palais des Nations, Room XVII, Switzerland
[International Debt Management Conference, eleventh session]

13 November – 5 December 2017 - UNITAR, Web Based
[Economics of the Public Sector (2017)]

13 November – 15 December 2017 - UNITAR, Web Based
[Managing Public Finance: Internal and External Controls (2017)]

13 November – 15 December 2017 - UNITAR, Web Based
[Public Funds and their Auditing (2017)]
13 November – 15 December 2017 - UNITAR, Web Based
[Fundamentals of Risk Management (2017)]

13 November – 15 December 2017 - UNITAR, Web Based
[Public Funds and their Auditing (2017)]

13 November – 15 December 2017 - UNITAR, Web Based
[Fundamentals of Risk Management (2017)]

21 November 2017 - Central Banking , Sheraton Abu Dhabi, UAE
[Sovereign Investor Forum]

20 – 23 November 2017 - Central Banking, Radisson Blu Hotel, Abu Dhabi, UAE
[Abu Dhabi Training Series]

27 November – 1 December 2017 – IFF, Radisson Blu Edwardian Grafton, London, UK
[School of Treasury Products and Risk Management]

30 – November 2017 - ICMA International Capital Market Association, London, UK
[Credit Default Swaps (CDS) – Operations]

4 – 15 December 2017 - IMF & West African Institute for Financial and Economic Management (WAIFEM), Accra, Ghana
[IMF/WAIFEM regional course on financial programming and policies]

6 December 2017 - CICM Chartered Institute of Credit Management, London, UK
[Debt recovery through the courts]

7 – 8 December 2017 - The International Economic Forum of the Americas, OECD Conference Centre, Paris, France

The Conference of Paris

11 - 15 December 2017 - NyIF, New York, USA
Advanced Risk Management Professional Certificate

11 – 12 December 2017 - ICMA International Capital Market Association, London, UK
Securities lending & borrowing - operational challenges

15 – 18 January 2018 - Oesterreichische Nationalbank (OeNB), JVI, Austria
Advanced Course on Financial Stability Stress Testing for Banking Systems

24 January 2018 - Government Finance Officers Association, Online Webinar
Rating agency update and market overview for debt

12 – 13 February 2018 - Government Finance Officers Association, Austin, USA
Debt management best practices

5-9 March 2018; The International Faculty of Finance (IFF), Radisson Blu Edwardian Grafton, London
School of Bonds & Fixed Income

2 - 13 April 2018 - Joint Vienna Institute, Wien, Austria
Macroeconomic Diagnostics

14 - 18 May 2018 - Joint Vienna Institute, Wien, Austria
Public governance and structural reforms

1 June 2018 - London Stock Exchange Academy, London, UK
Advanced financial modeling

8 June 2018 - London Stock Exchange Academy, London, UK
The fundamentals of operational risk management

4 - 20 June 2018 - Joint Vienna Institute, Wien, Austria
Applied economic policy

9 - 13 July 2018 - World Bank Treasury IBRD IDA, USA
Designing government debt management strategies - 2018 edition

24 July 2018 - London Stock Exchange Academy, London, UK
The MiFID II series - An overview and latest developments

2 - 3 August 2018 - VGFOA Virginia Government Finance Officers' Association, Henrico Training Center 7701 East Parham Street Richmond, VA 23294 USA
Issuing Public Debt (Henrico) 2018

Some Figures

At **23 November, 2017**, the number of documents, reports and events on the PDM Network website is **7,954**. News uploaded on the website since January 2016 are **7,288**. This newsletter is sent to **644** Subscribers from emerging and advanced countries.

Special Thanks

The PDM Secretariat is grateful to Fatos Koc (OECD), Banu Thurman (World Bank), Tanweer Akram (Thrivent) and various DMOs for information on new reports.

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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, JCVP 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 Surimame, 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.*