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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

European Commission DG ECFIN – OECD Economics Department workshop on GDP-linked government bonds

On Wednesday 17 January 2018, DG ECFIN and the Economics Department of the OECD will organize a workshop on "GDP-linked government bonds". The workshop will be a one-day event with high-profile speakers from academia, national administrations and international institutions.

The first session of the workshop will propose an economic assessment of GDP-linked bonds. The second session will focus on their implementation. The last session will discuss the prospects for GDP-linked bonds in the European Union. ***Read more*** **TAGS:** **Debt Policy**; **Primary market**

Sovereign Green Bonds to address the climate challenge

Organized by the World Bank Treasury on Dec 13, 2017, this webinar provided an opportunity for debt managers to discuss the challenges and benefits of sovereign Green Bonds, sharing experience and key lessons from these recent transactions, with Anthony Requin, Chief Executive at Agence France Tresor, the French Debt Management Office, and Farah Imrana Hussain, Senior Financial Officer at the World Bank Treasury who has been advising country clients on Green Bonds and other financial instruments. The discussion addressed issues such as how Green Bonds could fit into a sovereign debt strategy, to what extent they present value for money from a pure debt management perspective, how to balance the different policy objectives (cost-risk of the debt portfolio versus carbon emission reduction), etc. ***Read more*** **TAGS: Debt Policy; Primary market; World Bank webinars**

Documents

Debt Policy

Gap-Filling Government Debt Maturity Choice (2017)

Frederik Eidam - University of Mannheim

Do governments strategically choose debt maturity to fill supply gaps across maturities? Building on a new panel data set of more than 9,000 individual Eurozone government debt issues between 1999 and 2015, I find that governments increase long-term debt issues following periods of low aggregate Eurozone long-term debt issuance, and vice versa. This gap-filling behavior is more pronounced for (1) less financially constrained and (2) higher rated governments. Using the ECB's three-year LTRO in 2011-2012 as an event study, I find that core governments filled the supply gap of longer maturity debt, which resulted from peripheral governments accommodating banks' short-term debt demand for "carry trades". This gap-filling implies that governments act as macro-liquidity providers across maturities, thereby adding significant risk absorption capacity to government bond markets. **TAGS: Debt composition**

Primary Markets

Assessing Loss of Market Access: Conceptual and Operational Issues (2017)

Anastasia Guscina, Sheheryar Malik, Michael G. Papaioannou - International Monetary Fund

Loss of market access (LMA) is a central element and an exacerbator of balance of payments and fiscal crises. This paper provides an operational definition of LMA, examines the predictive power of potential LMA leading indicators, attempts to determine the likely nature (temporary versus structural) of an LMA episode, and analyzes potential implications of such an assessment on the required degree of adjustment to restore market access. Finally, it highlights the possible application of the methodological framework for identifying emerging risks to market access. **TAGS: Debt crisis; Sovereign defaults**

Why are more sovereigns issuing in Euros? Choosing between USD and EUR-denominated bonds (2017)

Antonio Velandia, Rodrigo Cabral - World Bank Treasury

This note presents and discusses the arguments offered by several sovereigns that have joined a trend starting in 2013 whereby issuers, both sovereigns and corporates and in particular in Latin America, have gradually replaced a portion of the funding raised in USD for EUR. The trend seems to respond to the divergent monetary policies followed by the Federal Reserve and the European Central Bank and the expectation that this divergence will keep nominal coupons for bonds denominated in EUR well below those of USD bonds. The perception that funding in EUR is cheaper is complemented, in many cases, by the expectation of further strengthening of the USD.[…] **TAGS:** **[Debt Policy]**; **[Cost and Risk]**; **[Debt and fiscal/monetary policies]**; **[Foreign Debt]**

[A Formal Introduction to GDP-Indexed Bonds] **(2017)**

Michele Manna - Bank of Italy

A debtor is better off if the cost of his debt matches the ups and downs of his economic fortunes: no doubt about it. While it is possible to bear a higher cost of debt in good times when income rises, it definitively helps if the cost falls in downturns. This is true for households, firms and the government. In finance theory, this concept goes under the name of "state-contingent debt", which in a broad sense can be understood as a contract which foresees a revision in the timing or amount (possibly both) of the payments due by the debtor when pre-defined external circumstances apply. This is the gist of the proposal put forward by a number of scholars and institutions arguing in favor of the issuance by governments of GDP-indexed bonds ("the GDP-Is"), that is securities whose cash outflows by the Treasury on account of the coupon and/or principal vary with the own GDP dynamics. It is straightforward to understand that such a class of bonds has the potential to cut the cost of servicing the public debt exactly at the point in time when it could be more acutely needed: namely by freeing space in the budget when an unforeseen recession calls for a supportive fiscal policy.[…] **TAGS:** **[Debt Policy]**; **[Primary market]**; **[Cost and Risk]**

[GDP-indexed Bonds: A Way Forward] **(2017)**

Gregory Makoff - Centre for international governance and financial innovation (CIGI)

Key Points: - Global financial policy makers are studying GDP-indexed bonds as a possible financing tool to reduce the likelihood of governments defaulting on their debt following an economic shock. - Proponents argue in favour of the large-scale issuance of such loss absorbing liabilities to stabilize debt/GDP ratios, while skeptics suggest that such debt would be very expensive to issue — especially as there is no proven market for the securities. - A test issuance of GDP-indexed bonds is needed to determine whether they would be an attractive addition to sovereign debt portfolios; policy makers may want to increase attention to the budget-stabilizing benefits of GDP-indexed bonds as well as ancillary benefits. - Further technical work is required to support a test issuance of the bonds. **TAGS:** **[Debt sustainability]**; **[Debt and fiscal/monetary policies]**

[GDP-linked Bonds: Some Simulations on EU Countries] **(2017)**

Nicolas Carnot and Stéphanie Pamies Sumner - EU Commission

The economic and fiscal outlook has recently improved for European economies, raising the odds that high public debts inherited from the crisis will be gradually wound down in line with EU fiscal rules. This will however take time and future debt trajectories remain exposed to significant uncertainties. In this context, this paper explores some implications of GDP-linked bonds (GLBs), an instrument for national debt management that has recently sparked growing interest. Based on the data and tools of the Commission Debt Sustainability Monitor, our results suggest significant potential benefits from GLBs in reducing debt uncertainties for all European economies. These benefits would be notably large in countries characterised by medium-to-high debt, high macroeconomic volatility and limited alternative tools to smoothen shocks. A risk premium would not eliminate the debt-stabilization benefits brought by GLBs. The fall in the probability of explosive debt paths could also reduce the premium demanded by investors on conventional bonds in high-debt countries. The issuance of a fraction of GLBs can however be no substitute for pursuing sound economic and budgetary policies curbing national debts. **TAGS: Primary market; Debt sustainability; Cost and Risk**

State-contingent debt instruments for Sovereigns (2017)
International Monetary Fund
Sovereign state-contingent debt instruments (SCDIs), such as GDP-linked bonds, as a countercyclical and risk-sharing tool remain appealing. Yet, take-up of such instruments has been limited. In view of recent renewed interest among academics, market participants, and policymakers, including the G20, IMF staff analyzed the benefits and challenges associated with SCDIs, possible benchmark designs that could underpin self-sustaining liquid markets, and the case for official sector interventions to support market development. [...] **TAGS: Debt and fiscal/monetary policies; Debt sustainability; Primary market; Bond market development**

Green bond finance and certification (2017)
Torsten Ehlers and Frank Packer- BIS
Financing of investments through green bonds has grown rapidly in recent years. But definitions of what makes a bond "green" vary. Various certification mechanisms have evolved to allow more granularity as well as continuity in assessment. Green bonds have been priced at issuance at a premium on average relative to conventional bonds, but their performance in the secondary market over time has been similar. A relatively large share of green bonds are in sectors subject to environmentally related credit risks. More consistent green bond standards across jurisdictions could help to further develop the market. **TAGS: Contract standards**

A Walrasian theory of sovereign debt auctions with asymmetric information (2017)
Harold Cole Daniel Neuhann Guillermo Ordonez - University of Pennsylvania, University of Texas at Austin
Sovereign bonds are highly divisible, usually of uncertain quality, and auctioned in large lots to a large number of investors. This leads us to assume that no individual bidder can affect the bond price, and to develop a tractable Walrasian theory of Treasury auctions in which investors are asymmetrically informed about the quality of the bond. The authors characterize the price of the bond for different degrees of asymmetric information, both under discriminatory-price (DP) and uniform-price (UP) protocols. The authors endogenize information acquisition and show that DP protocols are likely to induce multiple equilibria, one of which features asymmetric information, while UP protocols are unlikely to sustain equilibria with asymmetric information. This result has welfare implications: asymmetric information negatively affects the level, dispersion and volatility of sovereign bond prices, particularly in DP protocols. **TAGS: Public debt auctions; Primary market; Bond market development**

Sovereign GDP-Linked Bonds (2016)
James Benford, Thomas Best, Mark Joy and Mark Kruger - Bank of England, Bank of Canada and the Research Department, Central Bank of Argentina
While the idea of governments issuing financial instruments whose repayments are indexed to gross domestic product (GDP) is not new, the current global backdrop of high sovereign debt coupled with low interest rates and weak and uncertain nominal growth prospects suggests the case for doing so may be especially strong now. This paper discusses the pros and cons of GDP-linked

bonds, looks at when it might be most beneficial to issue, how investors might benefit, and possible ways of addressing the first-mover problem. The aim of this paper is to stimulate debate rather than provide answers. **TAGS:** **Debt Policy**; **Primary market**; **Cost and Risk;** **Bond market development**

GDP-indexed bonds: what are the benefits for issuing countries, investors and international financial stability **(2016)**

Bruno Cabrillac, Ludovic Gauvin, Jean-Baptiste Gossé - Banque de France

GDP-indexed bonds in current values (GIBs) are a type of bonds that stabilises the debt ratio in the economic cycle and thus provides the issuing countries with countercyclical room for manoeuver. To date, only GDP-linked bonds with detachable warrants that yield a compensation bonus beyond some real growth thresholds have been issued and solely associated with debt restructuring. However, interest in GIBs has grown in the context of the broad current work on the contingent debt instruments which aim at strengthening the global financial safety nets by transferring part of the macroeconomic risk to private investors. This article quantifies the gains and identifies the challenges associated with GIBs. Firstly, the debt ratios of issuing countries are stabilised. Secondly, investors benefit from the catching-up in emerging economies and can deal with currency risk that extends beyond the maturities usually covered by financial markets. On this basis, the authors identify countries that would provide the seedbed for the development of this new type of bonds. **TAGS:** **Primary market**; **Cost and Risk**; **Financial stability;** **Bond market development**

Study on the potential of green bond finance for resource-efficient investments **(2016)**

European Commission

Green bonds could play a key role in helping to finance the investment needed to achieve the EU's 2030 Climate and Energy objectives and the UN Sustainable Development Goals. This report presents an analysis of the development and functioning of the green bond market, including the main actors and sectors, with specific focus on financing investments into improved resource efficiency. It summarizes the key bottlenecks limiting the development of the market in specific countries and sectors. It identifies a set of possible public sector measures to overcome these bottlenecks, supported by examples of good practices. The report also assesses the regulatory feasibility and expected impacts of specific standardization options on the liquidity and size of the market. Finally, the report presents a set of recommendations addressed at the EU and its Member States. A Policy Toolbox provides additional detail on possible public sector measures on the demand and supply side. Nine country case studies support the analysis, focusing on Bulgaria, France, Germany, Italy, the United Kingdom, as well as China, Mexico, Norway, and the United States. **TAGS:** **Primary market**; **Contract standards**; **Bond market development**

Secondary Markets

Integration and Disintegration of EMU Government Bond Markets **(2018)**

Christian Leschinski, Michelle Voges, Philipp Sibbertsen - Leibniz University Hannover

This paper analyzes market integration among long-term government bonds in the Eurozone since the inception of the Euro in 1999. While it is commonly assumed that markets for EMU government bonds were closely integrated prior to the EMU debt crisis, the authors find that there is significant time variation in their relationship. There are periods of integration and disintegration, and differences between core and periphery countries can be observed long before the EMU debt crisis. To obtain insights into the sources of the observed time variation, the authors analyze the dependence on variables related to market sentiment, risk and risk aversion. The drivers of market integration are found to be similar to those for the well documented flight to-quality effects from stocks to bonds, suggesting that in times of crisis investors do not only shift their portfolios from stocks to bonds, but there is also a stronger differentiation between more and less risky bonds. The persistence of these differentials leads to the conclusion that (at least in times of crisis) the pricing of EMU government bonds implied the possibility of macroeconomic and fiscal divergence between the EMU countries. **TAGS:** **Debt Crisis**; **Financial Analysis**

Subnational debt

U.S. territories public debt outlook **(2017)**

United States Government Accountability Office

The United States has five territories—Puerto Rico, American Samoa, the Commonwealth of the Northern Mariana Islands (CNMI), Guam, and the U.S. Virgin Islands (USVI)—that are permanently inhabited and have elected governors, territorial legislatures, and non-voting members in the U.S. House of Representatives. Local officials make budgetary decisions about borrowing and therefore the level of debt held by the public in each territory. These territories, like U.S. states in some cases, borrow through financial markets for long-term investments, such as infrastructure projects, or when their budgets are in deficit. The territories, like other borrowers, pay interest on their debt. Both the amounts borrowed and the interest rates determine the amount of interest spending. If unchecked, interest spending can absorb resources that could be used instead to provide government services. In extreme situations, borrowers might be unable to borrow at favorable rates if the market loses confidence in their ability to repay the debt.[…] **TAGS:** **Debt Statistics**; **Debt forecasts**; **Debt sustainability**; **Subnational debt**

Pay for Praise: Do Rating Agencies Get Paid More When They Provide Higher Ratings? An Examination of the Consequences of the Recalibration of Municipal Debt **(2017)**

Anne Beatty, Jacquelyn Riddick Gillette, Reining Petacchi, Joseph Weber - Ohio State University, Massachusetts Institute of Technology, Georgetown University

The authors ask whether credit rating agencies receive higher fees and gain greater market share when they provide more favorable ratings. The authors investigate this issue using Fitch and Moody's 2010 recalibration of their rating scales, which increased ratings in the absence of any underlying change in issuer credit quality. Consistent with concerns raised by critics of the issuer pay model, the authors find that compared to S&P, the governmental entities rated by Moody's and Fitch received better ratings, were charged higher fees, and issued bonds with lower yields after the recalibration event. This recalibration also led to increases in Fitch and Moody's market share. Overall the results are consistent with concerns that issuers will pay more for higher ratings. **TAGS:** **Sovereign Credit Ratings**; **Subnational debt**

Financial Analysis

December 2017 BIS Quarterly Review: Paradoxical tightening echoes bond market "conundrum" **(2017)**

Bank for International Settlements

Markets shrugged off moves by some major central banks to wind back stimulus over the last quarter: global financial conditions paradoxically eased further amid heightened concerns about overvalued asset prices. Continued low bond yields and low volatility, particularly in the United States, are reminiscent of the bond market "conundrum" referred to by former US Federal Reserve Chair Alan Greenspan in 2005, when market yields remained low despite Fed rate hikes. Easier US financial conditions coincided with a decline in the term premia components of yields, or the extra return investors seek for holding a longer-term bond rather than shorter ones. For asset pricing, there are lingering uncertainties about how precisely this compression works over time, or how yields would react once central bank policies normalise. "Can a tightening be considered effective if financial conditions unambiguously ease? And, if the answer is 'no', what should central banks do?" asked Claudio Borio, Head of the Monetary and Economic Department. "In an era in which gradualism and predictability are becoming the norm, these questions are likely to grow more pressing." **TAGS: Debt and fiscal/monetary policies; Financial Analysis**

Syndicated loans and CDS positioning (2017)

Bank for International Settlements

This paper analyzes banks' usage of CDS. Combining bank syndicated loan data with a unique EU-wide dataset on bilateral CDS positions, the authors note that stronger banks in terms of capital, funding and profitability tend to hedge more. They found no evidence of banks using the CDS market for capital relief. Banks are more likely to hedge exposures to relatively riskier borrowers and less likely to sell CDS protection on domestic firms. Lead arrangers tend to buy more protection, potentially exacerbating asymmetric information problems. Dealer banks seem insensitive to firm risk, and hedge more than non-dealers when they are more profitable. These results allow for a better understanding of banks' credit risk management. **TAGS: Financial Analysis; Financial stability; Sovereign CDS**

Assessing the Predictive Ability of Sovereign Default Risk on Exchange Rate Returns (2017)

Claudia Foroni, Francesco Ravazzolo, Barbara Sadaba - Deutsche Bundesbank, Free University of Bozen/Bolzano, Bank of Canada

Increased sovereign credit risk is often associated with sharp currency movements. Therefore, expectations of the probability of a sovereign default event can convey important information regarding future movements of exchange rates. In this paper, the authors investigate the possible pass-through of risk in the sovereign debt markets to currency markets by proposing a new risk premium factor for predicting exchange rate returns based on sovereign default risk. The authors compute it from the term structure at different maturities of sovereign credit default swaps and conduct an out-of-sample forecasting exercise to test whether the authors can improve upon the benchmark random walk model. Our results show that the inclusion of the default risk factor improves the forecasting accuracy upon the random walk model at short forecasting horizons. **TAGS: Sovereign defaults; Economic Forecasts; Sovereign CDS; Sovereign risk premia**

Taxonomy of global risk, uncertainty, and volatility measures (2017)

Datta, Deepa, Juan M. Londono, Bo Sun, Daniel Beltran, Thiago Ferreira, Matteo Iacoviello, Mohammad R. Jahan-Parvar, Canlin Li, Marius Rodriguez, John Rogers - U.S. Federal Reserve

A large number of measures for monitoring risk and uncertainty surrounding macroeconomic and financial outcomes have been proposed in the literature, and these measures are frequently used by market participants, policy makers, and researchers in their analyses. However, risk and uncertainty measures differ across multiple dimensions, including the method of calculation, the underlying outcome (that is, the asset price or macroeconomic variable), and the horizon at which they are calculated. Therefore, in this paper, the authors review the literature on global risk, uncertainty, and volatility measures drawing on internal and external academic research as well as ongoing monitoring conducted by the Federal Reserve Board's economics divisions to catalog measures by method of data collection, computation, and subject. The authors first explore a set of non-asset-market-based measures of risk and uncertainty, including news-based and survey-based uncertainty measures of monetary policy and macroeconomic outcomes. The authors then turn to asset-market-based measures of risk uncertainty for equity prices, interest rates, currencies, oil prices, and inflation. […] **TAGS: Cost and Risk; Financial Analysis**

Financial Dominance **(2016)**

Markus K. Brunnermeier - Princeton University

Prior to the Great Recession the majority of macroeconomic research treated the financial sector as a veil. Financial frictions were considered as less important than price and wage rigidities. The global financial crisis triggered by the Lehman collapse clearly revealed the centrality of the financial sector for a well-functioning economy. The subsequent European debt crisis and slump led to an increased focus on financial frictions - and the financial sector's role in mitigating them. In light of this shift, the overall financial architecture as well as the transmission mechanism of both fiscal and monetary interventions have to be rethought. **TAGS: Debt and fiscal/monetary policies; Debt crisis; Sovereign debt exposure; Financial stability**

Debt Crisis

Greek Sovereign Debt: Addressing Economic Distress and Growth in the Euro Area **(2017)**

Panayotis Alexakis, Gikas A. Hardouvelis, Dean A. Paxson, Gordon Sick, Lenos Trigeorgis - Independent; University of Piraeus, Manchester Business School, University of Calgary, University of Cyprus

This article addresses key issues of the Greek sovereign debt crisis, its broader economic distress and growth implications for the Euro Area and offers suggested remedies including growth indexed bonds, fiscal balances over a growth cycle, structural reforms, and using real option analysis in relevant public policy areas involving inefficient or growth sectors of the economy. **TAGS: Structural policies; Debt crisis; Debt and growth**

Global Risk in Long-Term Sovereign Debt **(2017)**

Nicola Borri, Kirill Shakhnov- LUISS University, Einaudi Institute for Economics and Finance

In this paper the authors uncover a novel investment strategy on sovereign bonds issued by emerging countries and denominated in local currency. The authors show that by allocating bonds into portfolios with respect to their co-movement with the Carry currency risk factor, investors obtain a large cross-section of dollar excess returns. The authors find that most of these returns represent compensation for aggregate global risk. A standard, no-arbitrage affine model of defaultable long-term bonds in local currency with global and country-specific shocks can replicate these findings if there is sufficient heterogeneity in exposure to global shocks, bond maturities are short enough, and the global component of default risk is sufficiently homogenous across countries. **TAGS: Cost and Risk; Sovereign debt exposure**

Credit Ratings and Credit Default Swaps During the European Sovereign Debt Crisis **(2017)**

Utkarsh Katyaayun, Andreas Krause - University of Bath

The authors investigate the relationship between credit rating events and credit default swap spreads for EU countries around the Subprime and European Debt Crises. Using event studies and OLS regressions the authors analyse the behavior of CDS spreads before, around and after credit rating events. Our results indicate that CDS spreads anticipate positive rating events as early as 2-3 months before the event however the anticipation for negative events is only 1-2 months prior; in addition the authors also observe announcement and post announcement effects in some instances. The authors also find that the behavior of CDS spreads and credit rating events has undergone a significant change after the crisis period. On similar lines, using logit and multinomial logit regressions the authors find that a change in CDS spreads are effective in predicting forthcoming credit rating events. **TAGS: Sovereign Credit Ratings; Sovereign CDS; Debt crisis**

The Impact of Regime-Switching Behavior of Price Volatility on Efficiency of the US Sovereign Debt Market **(2017)**

Omar Masood, Bora Aktan, Beata Gavurová, Beata Gavurová, Manuela Tvaronaviciene, Raimonda Martinkutė-Kaulienė - Quaid-i-Azam University, University of Bahrain, Independent, Vilnius Gediminas Technical University

This article focuses on the asset price volatility at the stock exchange that result from the regime switching behaviour in the market. This study is devoted to the question about how the asset price volatility affects the US sovereign debt market. The efficient market hypothesis has been a base for the asset pricing. This hypothesis is discussed in this study. The review of the literature reveals nuances of behavioural finance theory, and allows us to better understand the regime switching behaviour in the market. The object of empirical study is the US sovereign debt market. The authors use the Markov Regime-Switching ARCH (SWARCH) model to analyse data. The results show that there is high volatility regime in both the 2012 and 2017 bonds US market, which significantly affects bond prices. **TAGS: Sovereign debt market**

International and Macroprudential regulations

Cross-border spillover effects of the g20 financial regulatory reforms : results from a pilot survey **(2018)**

Clive Briault, Erik Feyen, Ines Gonzalez Del Mazo, Brian Kwok Chung Yee, Jan Rademacher, Ilias Skamnelos - World Bank Group

In 2009, the G20 embarked on an ambitious financial regulatory reform agenda to address the fault lines that caused the global financial crisis. Although the global benefits are expected to outweigh the overall costs, these reforms could produce cross-border adverse spillover effects to individual emerging markets and developing economies that are not required to implement the reforms themselves, but are affected by their implementation elsewhere. To improve the evidence base on such potential adverse impacts, the World Bank has undertaken qualitative surveys of senior officials at regulatory agencies, local banks, and global banks that are active in seven emerging markets and developing economies. While important caveats prevent the formulation of definitive conclusions, the survey finds that banks and regulators routinely have different perspectives on the impacts. Most banks claim adverse effects on financial products, services, and markets; regulators broadly expect the effects to be positive over the longer term, but some recognize they may be negative during the transition phase. Regulators tend to agree that the (potential for) spillover impacts demand stronger home-host coordination, impose a higher supervisory burden, and require a stronger role for the international community to monitor and evaluate the impacts. The findings also emphasize the need for regulatory consistency within and between jurisdictions to ensure a level playing field. Taken together, more work remains to better understand the nature of these spillover effects, how they shape the provision of commercial financing to meet developmental objectives, and what action can be taken to mitigate any adverse impacts. **TAGS:** **Financial stability**; **Market Liquidity; International and Macroprudential Regulations**

Debt Restructuring

Venezuela's Debt Crisis: Why Litigation Is More Advantageous than Arbitration for Bondholders **(2018)**

Richard J. Cooper, Boaz S. Morag - Cleary Gottlieb Steen & Hamilton LLP

As more and more Venezuelan debt becomes past due, holders of the Republic's $36 billion of sovereign bonds are faced with an interesting choice should they wish to exercise remedies. The traditional response of an aggrieved bondholder would be to obtain a judgment for missed payments (either before or after an acceleration of the bonds) under New York law and in the courts of New York or London as provided for in the applicable bond documentation. Despite the fact that Republic's bond documentation includes several bondholder-friendly protections to facilitate obtaining a court judgment, some commentators have nonetheless proposed investment arbitration as a plausible and preferred alternative to New York or London court litigation for bondholders seeking to recover on their defaulted bonds. These commentators ground their recommendation on the perceived advantages an arbitral award subject to the ICSID Convention offers over a New York or English court judgment, believing that such an award would permit them to seek enforcement worldwide on an accelerated time frame. This ICSID approach obtains its inspiration from the Abaclat arbitration filed by tens of thousands of retail Argentine bondholders in which they established ICSID jurisdiction over claims for defaulted bonds and eventually received partial payment in settlement with Argentina last year.[…] **TAGS:** **Debt Restructuring**; **Sovereign debt litigation**; **Debt crisis; UK governing law; US governing law**

Life after default? Private vs. official sovereign debt restructurings **(2017)**

Silvia Marchesi, Tania Masi - Università degli Studi di Milano-Bicocca

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, the authors find that defaults are correlated with contraction of short-term output growth. Most importantly, controlling for the severity of the default, the authors are 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. Using the Synthetic Control Method, the authors present further evidence for the heterogeneity of the economic impact of debt restructurings, confirming that official and private defaults may have different effects on GDP growth and should then be treated differently. **TAGS:** **Debt Restructuring**; **Debt and growth; Sovereign defaults**

Sovereign debt restructurings: the costs of delay **(2017)**

Brett House, Mark Joy, Nelson Sobrinho - Scotiabank Economics, Bank of England, International Monetary Fund

Sovereign debt restructurings can be protracted affairs, not only in their resolution but also in their inception. In this paper, the authors develop a new database to look at sovereign debt restructurings since 1989, from their earliest identifiable origins in episodes of sovereign debt overhang and distress, to their final settlement, and the authors compile a set of stylised facts that offer evidence of the costs of delay. The authors find that the pre-restructuring period, from the onset of the debt problem to the announcement of the restructuring, is typically more than twice as long (7.9 years) as the subsequent period of negotiation (3.0 years), and is associated with bigger cumulative output losses, of around 18% of GDP. In terms of the costs to creditors, the authors find that the longer it takes to announce a restructuring, the larger the eventual haircut for the creditors and the more likely the restructuring will come after an outright default rather than pre-emptively. Larger haircuts for creditors are associated with more costly borrowing for the sovereign once it regains market access. In terms of policy implications, our results imply a bigger focus should be placed on encouraging debtor countries to take the early warning signs of a debt problem seriously and to engage proactively with their creditors once debt problems do surface, so both sides can either work on addressing those problems before they get out of hand, or if necessary, agree on a restructuring at a lower cost. **TAGS:** **Debt Crisis; Debt Restructuring**

Sovereign Debt restructuring. Good faith or self-interest? **(2017)**

James A. Haley - Centre for International Governance Innovation

Sovereign debt restructuring has long featured on the international policy agenda. This paper reviews past efforts to improve the framework for the timely, orderly resolution of cases of sovereign debt distress; it notes that important progress has been achieved toward that goal through the development of a so-called “voluntary” approach. The paper is motivated, however, by concerns that this progress is threatened by several recent difficult cases that could set the precedent for the future. Its review of past practice is, admittedly, unsatisfying: there is no simple, foolproof means by which to reconcile the need for good faith with the pursuit of self-interest. Nevertheless, the conclusion that the paper draws out is stark. Creditors seeking to impose prescriptive standards for borrower good faith, either through the adoption of creditor engagement clauses or limitations on borrowers’ access to IMF resources, may have to accept some limitations on contract enforcement as quid pro quo. It makes little sense to enforce standards of good behaviour on borrowers in an environment in which a small subset of creditors can disrupt a restructuring that is broadly acceptable to most creditors in an attempt to extract rents from non-cooperation. At the same time, any review of creditor-borrower engagement should consider the question of IMF lending. The implication of these observations is potentially controversial. If private creditors want good faith from sovereign borrowers, they may have to accept limitations on self-interest. In other words, they may want to reconsider the case for a Sovereign Debt Restructuring Mechanism. **TAGS:** **Contract standards**; **Sovereign debt litigation**; **Multilateral financing; Debt Restructuring**

Venezuela's Imminent Restructuring and the Role Alter Ego Claims May Play in this Chavismo Saga **(2017)**

Richard J. Cooper, Boaz S. Morag - Cleary Gottlieb Steen & Hamilton LLP

The clock ticking down for investors holding the outstanding debt of the Republic of Venezuela and its state-owned oil company, Petróleos de Venezuela, S.A. ("PDVSA"), may have just struck zero. On Friday, November 3, President Nicolás Maduro kicked off the much anticipated restructuring of Venezuelan debt by announcing that after it makes a $1.1 billion principal payment on PDVSA bonds due on November 2, that it would commence restructuring negotiations with its creditors. Although the Government invited creditors to Caracas on November 13 to jump start negotiations, given the failed policies of the Maduro regime, the limitations posed by U.S. government sanctions and the risks creditors would face in accepting new instruments that could be challenged by a future Venezuelan government, the prospects of any type of restructuring being accomplished anytime soon are quite remote. Should Venezuela fail to cure its existing payment defaults or not make payments during the pendency of any restructuring discussions, which seems to be the government's intent, one can expect Venezuela's legion of creditors to turn their immediate attention to scouring the globe for assets held in the name of the Republic and those entities, such as PDVSA, alleged to be the "alter egos" of the Republic.[…]

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

Tribunalizing Sovereign Debt: Argentina's Experience with Investor–State Dispute Settlement **(2017)**

Stephen Park, Tim R Samples - University of Connecticut, University of Georgia

The global sovereign debt market, lacking a formal bankruptcy regime or binding regulatory oversight, is fundamentally shaped by the specter of conflicts between debtors that refuse to pay and holdout creditors that refuse to settle. Never was this more evident than in Argentina's most recent sovereign debt crisis, which spurred daring, innovative, and often controversial legal strategies. This Article focuses on one of the legacies of Argentina's sovereign debt crisis: the use of investor–state arbitration under international investment law to enforce sovereign bond contracts. Following Argentina's financial collapse in 2001, private creditors brought dozens of cases against Argentina before the International Center for the Settlement of Investment Disputes (ICSID). Among these ICSID cases was Abaclat and Others v. The Argentine Republic, which marked the first time that an arbitral tribunal ruled that it had jurisdiction to rule on a sovereign debt default and restructuring under international investment law. With the proliferation of investor–state dispute settlement (ISDS) mechanisms in bilateral investment treaties (BITs) and other international investment agreements, this remedy will likely grow in importance. In light of Abaclat and subsequent ICSID cases, this Article analyzes Argentina's experience with sovereign debt claims under BITs in the broader context of sovereign debt disputes and ongoing measures undertaken by sovereigns in response to tribunalization. Looking forward, this Article assesses the systemic implications of ISDS for the exercise of sovereign authority in sovereign debt finance. **TAGS:** **Sovereign debt litigation**; **Contract standards; Sovereign defaults; Debt crisis; Debt Restructuring**

Embedded Contracts and a Continuum of Sovereign Debt **(2016)**

Odette Lienau - Cornell University

What is the relationship of a government to its population as it pertains to sovereign debt? And how does this fit into the larger web of relationships and obligations that make up the international financial arena? These questions are incredibly difficult to think through – beyond the capacity of one author alone. I am therefore grateful to have the company of Yuri Biondi, Barry Herman, Tomoko Ishikawa, and Kunibert Raffer in beginning to consider them. In addressing their thoughtful and thought-provoking comments, I see this response less as an opportunity to answer every potential challenge or differential emphasis. Indeed, the comments by and large extend the analysis of the book in incredibly insightful ways. Instead, I take this brief essay as a chance to identify several themes uniting the responses, and to highlight how these themes raise additional questions for the sovereign debt regime going forward. In particular, the comments suggest the ways in which the issues and actions associated with questions of sovereign legitimacy in the debt market exist not as dichotomies but rather on a continuum. I fully agree with this implicit characterization, and contend that – given that this is the case – challenging the market narrative that supports the repayment of odious debt should help to undermine resistance to reforming the regime for restructuring sovereign debt more generally. In addition, the comments emphasize how sovereign debt can be thought of as embedded in two types of social contract, both of which should shape how we think of appropriate policy responses to the challenges of the contemporary moment. **TAGS:** **Debt sustainability; Debt Restructuring**

The Challenge of Legitimacy in Sovereign Debt Restructuring **(2016)**

Odette Lienau - Cornell University

Since the emergence of the post-World War II international economic system, policymakers have lamented the absence of a global sovereign debt restructuring mechanism. This disappointment has only intensified in recent years, as the failure to provide prompt, comprehensive, and lasting debt relief becomes even more apparent. As a result, scholars and key international actors have argued for the development of a more coherent global approach to debt workouts. But to date this discussion lacks a sustained focus on questions of legitimacy — a fact that is exceptionally puzzling in light of the voluminous scholarship on the legitimacy deficits of international economic institutions once they have been established.[…] **TAGS:** **Debt crisis**; **Debt relief**; **Debt Restructuring**

Institutional and Organisational Framework

The EU and its sovereign debt programmes : the challenges of liminal legality **(2017)**

Claire Kilpatrick - European University Institute, Florence

This analysis focuses on the challenges the EU sovereign debt programmes raise for our understanding of legality in the EU by developing in particular the idea of liminal legality. Liminal legality, in the sense I develop it here, concerns legal issues awaiting legal location within one or more legal orders. I consider how long, and through which kinds of practices, do EU institutions allow unresolved legal spaces in the sovereign debt programmes to endure or re-emerge. This entails assessing the various EU judicial pathways through which sovereign debt programmes have been challenged. By stressing the temporal dimensions of liminal legality and the importance of viewing law as a practical enterprise, my analysis suggests that a narrowly doctrinal approach to recent cases such as Ledra Advertising, Mallis and Florescu does not capture the problematic dimensions of legality in the EU sovereign debt programmes. **TAGS:** **Structural policies**; **Multilateral financing; Contract standards**

Accounting, Statistics, Reporting and Auditing

Accounting representations of public debt and deficits in European central government accounts: An exploration of anomalies and contradictions **(2017)**

Yuri Biondi - ESCP Europe Business School

This article provides a theoretical view on European general government accounting, focusing on overarching accounting principles and models, as well as their consequences on the working and the very existence of public service activity. Our analysis applies to illustrative cases concerning: meaning of public deficit on accruals basis with a view to nature and use of public debt for redistributive purpose; the strange case of taxation on public sector employees' remunerations and benefits; accounting for employees benefits pro-visioning; and measurement of public debt and deficit following European Union fiscal supervision of Member States, with specific attention to the Excessive Debt Procedure(EDP). This analysis develops a framework to assess the consistency of accounting models with non-lucrative missions of general interest that belong to public administration. It shows how budgetary accounting does (and should) complement accruals-based accounting in public sector accounting systems, asking to embed public sector accountability in a public service institutional order that is specific to public administration. **TAGS:** **Accounting, statistics, Reporting and Auditing**; **Debt Statistics; Debt and fiscal/monetary policies**

Macroeconomic Analysis

The Reluctant Defaulter: A Tale of High Government Debt **(2018)**

Michel A. Habib, Fabrice Collard, Jean-Charles Rochet - University of Zurich, University of Berne

The authors seek to account for the very high levels of public debt recently reached in many OECD countries. The authors do so by assuming that governments do their utmost to stave off default, which occurs only when a government fails to muster the funds needed for debt service. This distinguishes our work from existing work on sovereign debt, which has assumed that governments weigh the costs of debt service against those of default. The debt ratios the authors compute are quite close to prevailing levels: our baseline case has debt-to-GDP ratio slightly above 80%. **TAGS:** **Sovereign defaults; Debt sustainability**

The Determinants Of Public Debt In The Euro Area: A Panel ARDL Approach **(2018)**

Themba Gilbert Chirwa, Nicholas M. Odhiambo - University of South Africa

This study investigates the determinants of public debt in the EURO area that are either debt-reducing or debt-creating using panel data from 10 European Countries. Using a panel ARDL approach, the study results show that though the real interest rate – economic growth differential in debt dynamics can be used to show whether debt is explosive or non-explosive, the authors find the speed of adjustment to be a good predictor. The study results also reveal that while economic growth is debt-reducing mainly in the short-run, the real exchange rate, investment, population growth are debt-reducing in the long run. Similarly, though the real interest rate is debt-creating both in the short- and long-run, government consumption is debt-creating in the long run while the relationship is mixed in the short-run and differentiated across groups. These results have important policy implications for the European Union. They include the need to continue having differentiated Medium-Term Budgetary Objectives implemented across member states that focus on fiscal sustainability as well as take into account all factors that may be debt-creating or debt-reducing. Furthermore, there is need for European authorities to implement strategies that would encourage lower or stable long-term interest rates as a strategy to reduce the accumulation of public debt in the future. **TAGS:** Debt and fiscal/monetary policies; Debt sustainability

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Public Debt and Economic Growth in India: Evidence from Granger Causality Test (2018)

Nityasundar Manik, Naseer Ahmed Khan - University of Hyderabad,India

In the eve of inconclusive controversy over the "cause-effect" relationship between public debt and economic growth, this paper tries to examine this dynamic relationship empirically for the Indian economy over the period of 1980–1981 to 2015–2016. This paper applies the time-series techniques like unit root test, VAR lag selection criteria, Johansen cointegration test, VECM, VEC granger causality test, impulse response function, and variance decomposition function. The application of Johansen test on first order integrated series shows the presence of long-run cointegration among variables like domestic debt, external debt, and economic growth. The VECM model found the statistically significant and negative coefficient of error correction term in external debt equation expressing the restoration of the long-run equilibrium at the rate of 6.83% every year between growth, domestic debt, and external debt. The infliction of the VEC Granger causality test noticed that there is no feedback relationship among the variables in short run, but there exists the unidirectional causality from economic growth and domestic debt to external debt in long run. The result of impulse response function and variance decomposition function also confirms the long-run causality from growth and domestic debt to external debt. Therefore, these empirical results suggest that reliance on debt for development purposes is not a safe option, even though the presence of no feedback relationship among the said variables in short runs. So, Indian economy should ensure higher growth rate while accumulating public debt and should extend its efforts to increase the revenue to finance the development expenditure. **TAGS:** Debt and growth

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Impact of public and private sector external debt on economic growth (2018)

Jorge Silva - ISEG – Lisbon School of Economics and Management

The authors assess the effect of the Portuguese external debt of the private and public sectors on economic growth for the period 1999-2014. The authors study the channels through which external debt may affect economic growth: demand, supply and external accounts. Regarding aggregate demand, the authors evaluated private saving, public investment in volume and real GDP per person employed. The external debt of the public sector showed some evidence of having a detrimental influence on private saving, but a favourable effect on public investment in volume. The gross external debt of the private sector positively influenced public investment. Concerning aggregate supply, the authors analysed the production function per person employed in the private sector. Private external debt positively affected the gross value added in volume per person employed. Public external debt negatively impacted the gross value added in volume per person employed and the total factor productivity. Regarding external accounts, the private external debt affected the primary income account, though it had a low coefficient. **TAGS:** **Foreign debt**; **Debt and growth**

Is There an Optimal Trade-Off Between Shadow Economy and Government Debt to GDP? **(2018)**

Miltiades N. Georgiou – Independent

Shadow economy is harmful to the economy for various reasons. On the other hand shadow economy restriction has some repercussions. In other words, there is perhaps a sort of trade-off between the restriction of shadow economy and the resulting macroeconomic repercussions. Hence, in the present paper an attempt has been made to look for an optimal shadow economy size with respect to government debt as % of GDP. Our sample includes annually for the period 2000-2015 Europe, Japan and the United States. **TAGS:** **Structural policies; Debt sustainability**

Evidence on finance and economic growth **(2017)**

Alexander Popov – ECB

This paper reviews and appraises the body of empirical research on the association between financial markets and economic growth that has accumulated over the past quarter-century. The bulk of the historical evidence suggests that financial development affects economic growth in a positive, monotonic way, yet recent research endeavors have provided useful and important qualifications of this conventional wisdom. Moreover, the proliferation of micro-level datasets has enabled researchers to study more precise links between theory and measurement. The paper highlights the mechanisms through which financial markets benefit society, as well as the channels through which finance can slow down long-term growth. **TAGS:** **Debt and growth**; **Financial stability**

Indebtedness in the EU: a drag or a catalyst for growth? **(2017)**

Alina Mika ,Tina Zumer – ECB

The authors study the relationship between debt and growth in EU countries in the years 1995-2015. They investigate the debt-growth nexus in two alternative empirical set-ups: the traditional cross-county panel regressions and mean group estimations. They find evidence of a positive long-run relationship between private sector indebtedness and economic growth, and a negative relationship between public debt and long-run growth across EU countries. However, the more immediate impact of private sector debt on growth is found to be negative, and positive for the public sector debt. The authors find no conclusive evidence for a common debt threshold within EU countries, neither for the private nor for the public sector, but some indication of a non-linear effect of household debt. **TAGS:** **Debt and growth**

Examination of Indicators Determining the Rate of Government Debt **(2017)**

Marianna Sávai, Gábor Dávid Kiss - University of Szeged Hungary

As a consequence of the crisis of 2008, public debts started to grow throughout the world, causing further economic problems for countries. Several EU Member States have been forced to use the assistance of the troika to alleviate their financing difficulties. The purpose of this paper is to examine the factors influencing public debt. The authors compared the factors affecting the public debt of GIPS countries, supplemented with data series of the Visegrád Group and Cyprus, using the one-step dynamic panel model. The correlations previously uncovered in literature could be identified in both panels. Deficit, inflation and the deterioration of the current account balance lead to the increase, whereas the growth of the real interest rate and GDP and the improvement of employment lead to the decrease of public debt. Real effective exchange rate, however, proved insignificant in both panels. **TAGS:** **Debt and growth**

Nonlinear effect of the Public Debt on the growth of Gdp: the case of Croatia **(2017)**
Tihana Škrinjarić, Zrinka Orlović - University of Zagreb
This research focuses on effects of public debt on economic growth in Croatia. Based upon previous existing literature, this study emphasizes the non linear relationship between public debt and economic growth. Such study has not yet been carried out for Croatia. The empirical research uses quarterly data from January 2000 to April 2016 in order to estimate different specifications of the aforementioned nonlinear relationship. One of the goals is to determine the turning point of the public debt effect. In that way, the authors want to test the hypothesis that the effects of public debt vary with relation to the share of public debt in GDP. Moreover, the consequences of such relation mean that policy makers need to adjust the structure, size and purpose of public indebtedness in order to obtain long-term sustainable growth. The results show that the intensity of the effect of public debt on economic growth differs with respect to the size of the share of public debt in GDP. Furthermore, the robustness of the results has been checked by adding specific economic variables in the models. Also, results predict that Croatia is in a state where the effect of public debt on economic growth is negative. In that way, it is recommended for economic policy makers to take actions regarding fiscal consolidation and lowering (foreign) indebtedness. **TAGS:** **Debt and growth**

Determinants of Public Debt in Lower Middle Income Countries **(2017)**
Thuan Vu Duc – Independent
The ever increasing of public debt has been affecting the financial stability of both high and low income countries for years and is a considerable subject to various author all around the world. The aim of this study is to understand which all factors influence the public debt in lower middle-income countries using DGMM regression method. With the dataset of 40 countries during the 1996-2015, the study provides empirical evidences on the role of macroeconomic factors on changes of public debt in lower middle-income countries, including trade openness, interest rates, budget surplus, inflation, economic growth, foreign direct investment, infrastructure, scale of the financial system. However, the unemployment rate does not have any impact whatsoever on debt to GDP ratios of these countries for over the period. **TAGS:** **Debt and growth**

2018 Public Finance Outlook: European Resilience but Rising Global Risks **(2017)**
Giacomo Barisone, Monica Bertodatto, John Francis Opie, et al. - Scope Ratings
In Scope's assessment, 2018 promises continued economic recovery in Europe and robust global growth. However, Scope cautions that global risks are building. In

Europe, reforms to the euro area institutional framework, the resolution of Brexit, Italian elections in the spring, the end of the Greek programme and any change in accommodative financial conditions are the key credit-relevant developments to watch. In the United States, political risks and the Federal Reserve's monetary tightening are the main risks for 2018. Concerns about high levels of public- and private-sector debt constrain China's rating. Meanwhile, geopolitical tensions require monitoring. **TAGS: Debt Forecasts; Debt and fiscal/monetary policies; Debt and growth; Economic Forecasts**

Public debt expansions and the dynamics of the household borrowing constraint (2017)

Antonio Antunes, Valerio Ercolani - Banco de Portugal and NOVA SBE, Banco de Portugal

The authors show that the endogeneity of the household borrowing constraint accounts for a sizable part of the effects in output, credit and welfare of fiscal policies that entail government debt expansions, within an incomplete-markets model featuring heterogeneous households. These policies make the borrowing constraint tighter because of a higher interest rate. The tightening favors a deleveraging process in terms of private credit and reinforces the precautionary saving motive. This in turn exerts a downward pressure on the interest rate, dampening the tightening itself. As an example, under a plausible debt-financed transfers policy, the majority of households supports the policy within our baseline economy with the endogenous borrowing constraint, whereas it is against the policy if such endogeneity is not considered. **TAGS: Debt sustainability; Debt and fiscal/monetary policies**

International debt deleveraging (2017)

Luca Fornaro - CREI, Universitat Pompeu Fabra and Barcelona GSE

This paper provides a framework to understand the adjustment triggered by an episode of debt deleveraging among financially integrated countries. During a period of international deleveraging, world consumption demand is depressed and the world interest rate is low, reflecting a high propensity to save. If exchange rates are allowed to float, deleveraging countries can rely on depreciations to increase production and mitigate the fall in consumption associated with debt reduction. The key insight of the paper is that in a monetary union this channel of adjustment is shut off, because deleveraging countries cannot depreciate against the other countries in the monetary union, and therefore the fall in the demand for consumption and the downward pressure on the interest rate are amplified. As a result, deleveraging in a monetary union can generate a liquidity trap and an aggregate recession. For instance, the model predicts that international deleveraging by peripheral euro area countries can account for around 24% of the output loss experienced by the euro area in the two years following the 2008 financial crisis. **TAGS: Debt anf fiscal/monetary policies; Debt and growth; Debt and recession**

Debt sustainability in African HIPCs (2017)

Cyrus Rustomjee - Centre for International Governance Innovation

From 2000, the Heavily Indebted Poor Countries (HIPC) initiative and Multilateral Debt Relief Initiative (MDRI) provided debt relief to 30 eligible African countries; however, several African HIPCs have rapidly accumulated new debt since then. Assessments between 2012 and 2015 produced mixed verdicts on the sustainability of new post-HIPC debt. But recent data reveals a clearer picture. While many have maintained debt sustainability, for a growing number, overall risks to debt distress have deteriorated in the past three years and prospects for reversing this trend are diminishing. Key policy actions, including greater fiscal effort and new debt management capacities, can help address this challenge for some. But for others, the case for a new debt relief initiative is growing. **TAGS:** **Debt sustainability**; **Debt relief**; **Multilateral financing**

Bank exposures and sovereign stress transmission **(2016)**

Carlo Altavilla, Marco Pagano, Saverio Simonelli - European Central Bank; Università di Napoli Federico II

Using novel monthly data for 226 euro-area banks from 2007 to 2015, the authors investigate the determinants of changes in banks' sovereign exposures and their effects during and after the euro crisis. First, the publicly owned, recently bailed out and less strongly capitalized banks reacted to sovereign stress by increasing their domestic sovereign holdings more than other banks, suggesting that their choices were affected both by moral suasion and by yield-seeking. Second, their exposures significantly amplified the transmission of risk from the sovereign and its impact on lending. This amplification of the impact on lending does not appear to arise from spurious correlation or reverse causality. **TAGS:** **Sovereign debt exposure**; **Debt crisis;** **Financial stability**

Economic Policies

The Determinants of External debt in Sub Saharan Africa **(2018)**

Adonia Chiminya, J. Paul Dunne, Eftychia Nikolaidou - University of Cape Town

Determining the factors that influence external indebtedness in developing countries became an important focus for research following the damaging external debt crises of the early 1970s. While the resulting research has provided valuable insights, there has been a tendency to rely solely on economic factors and surprisingly little concern has been given to political factors that may be important determinants of debt. This paper investigates the main contributing factors to debt accumulation using panel data methods and focusing on a group of 36 Sub Saharan Africa countries (SSA) over the period 1975 to 2012. Instead of relying only on economic variables, the paper introduces a number of political variables that are found to be important and show the need to nuance the economic arguments. Democratically administered governments in the region are found to accumulate more debt than autocratic ones and parliamentary systems seem to accumulate more debt than presidential democracies. Furthermore, countries with a constrained executive and countries with more open and competitive electoral systems tend to lead to the accumulation of less debt. Finally, countries that received debt relief seem to accumulate less debt relative to those that did not while economic activity and openness are important in reducing debt in the region. **TAGS:** **Foreign Debt**; **Debt relief**

The Tax Cut Bill Would Push U.S. Debt Over the Critical Breaking Point **(2017)**

Calvin H. Johnson - University of Texas at Austin

Best data shows that federal debt is close to the critical breaking point at which creditors cease extending faith and credit to the U.S. government. Internationally, government debt of 80% of GDP has led to fiscal instability. If the Tax Cut Act of 2017 passes, debt will be above the 80-percent-of-GDP line in 2018, up to 91 percent of GDP by 2022, and to 117% of GDP by the end of the decade. At its core, the bill gives $2.6 trillion over a decade as incentives to capital. There is a global glut of capital. Capital is in oversupply. The return to risk-free capital is zero. It will be driven below zero by the tax shelters created by the bill and by capital diverted from our trading partners. Incentives to an oversupplied commodity will not increase growth. **TAGS:** **Debt and fiscal/monetary policies; Debt sustainability**

ECB Monetary Policy and Euro Area Governance: Collateral Eligibility Criteria for Sovereign Debt (2017)

Athanasios Orphanides - Massachusetts Institute of Technology

Since the beginning of the crisis, euro area governments have experienced greater fiscal stress than governments of advanced economies outside the euro area with weaker fiscal fundamentals. What has been the source of this fragility and how can it be corrected? The cause of the instability in euro area government bond markets can be traced to a discretionary decision taken by the ECB in 2005, in the aftermath of the failure of the Stability and Growth Pact. The decision effectively delegated the determination of collateral eligibility of euro area government debt to private credit rating agencies and eventually compromised the safe asset status of government debt for most member states. This paper examines how the ECB inadvertently planted the seeds of the euro crisis and discusses how the resulting tensions can be reversed. **TAGS:** **Debt and fiscal/monetary policies**; **Debt Crisis; Sovereign Credit Ratings**

Resilience in a time of high debt (2017)

OECD

Indebtedness of households and non-financial corporations in many advanced and emerging market economies is high. In many countries, it is continuing to rise. Highly indebted countries may be vulnerable to financial and real shocks, and such indebtedness may undermine the sustainability of growth in the medium term. Finance supports economic activity and innovation, but it can also increase risks, lower growth, and raise inequality. Whilst indebtedness does not necessarily imply financial distress, it is prudent to scrutinise high indebtedness and changes in the composition of financial portfolios, particularly at a time of exceptionally low, but likely rising, interest rates.[…] **TAGS:** **Debt and fiscal/monetary policies**; **Debt sustainability; Financial stability**

The political economy of sovereign debt: global finance and electoral cycles (2016)

Stephen B. Kaplan, Kaj Thomsson - George Washington University, Maastricht University

Political economy theory expects politicians to use budget deficits to engineer an election-timed boom, known as the political business cycle. The authors challenge and contextualize this view by incorporating the financial constraints faced by governments into an electoral framework. The authors argue theoretically that the extent of ownership dispersion among creditors has important effects for governments' policy autonomy. Specifically, they contend that when highly indebted governments become more reliant on international bond markets – as opposed to traditional bank lending – politicians alter the way they respond to domestic constituents. In an econometric test of 16 Latin American countries from 1961 to 2011, they show that financial decentralization breeds austerity. More specifically, they find that politicians exhibit more fiscal discipline when they fund a greater share of their spending through decentralized bond markets. Furthermore, the authors find this disciplining effect to be particularly strong during election periods. **TAGS:** **Debt and fiscal/monetary policies**

[The Case for Growth-Indexed Bonds in Advanced Economies Today](#) (2016)

Olivier Blanchard, Paolo Mauro, and Julien Acalin - Peterson Institute for International Economics

One of the legacies of the global financial crisis is a high ratio of public debt to GDP. While current levels may be sustainable, another series of bad shocks could easily tip the balance and lead to unsustainable debt ratios and to default. The quantitative exercises presented in this Policy Brief show that growth-indexed bonds can play an important role in that context. By decreasing payments when growth is low, they can substantially reduce the "tail risks" associated with explosive debt paths starting from today's high ratios. The introduction of growth-indexed bonds will benefit highly indebted advanced economies and, in the euro area, might provide a partial market-based solution to attain valuable insurance benefits well ahead of a formal fiscal union.
TAGS: **Primary market; Debt sustainability**

Reports

Global Economic Prospects 2018 - Broad-Based Upturn, but for How Long?

The World Bank Group

The World Bank forecasts global economic growth to edge up to 3.1 percent in 2018 after a much stronger-than-expected 2017, as the recovery in investment, manufacturing, and trade continues. Growth in advanced economies is expected to moderate slightly to 2.2 percent in 2018, as central banks gradually remove their post-crisis accommodation and the upturn in investment growth stabilizes. Growth in emerging market and developing economies as a whole is projected to strengthen to 4.5 percent in 2018, as activity in commodity exporters continues to recover amid firming prices. **TAGS:** **Economic Forecasts**

Global Sovereign Indebtedness Monitor

Erlassjahr.de

116 countries show one, several or all indicators in a critical range. The highest average debt indicators are shown by affected countries in the CIS / CEE and the MENA regions. In 89 countries the debt situation has worsened over the last four years. In 27 countries it has either improved or remained stable. In 48 countries not one of the five indicators has improved by at least 10% between 2011 and 2015. The rise in debt indicators becomes more dynamic. While in last year's analysis the relationship between improvements and deteriorations of debt indicators over the four year reference period was 1:2, this has changed to 1:3.5 this year. This tendency is most acute in the MENA region. Most threatened by a renewed debt crisis are countries that already have shown high indicators before and could not improve their situations. In the five regional groups this relates to the following countries: CIS / CEE: Albania, Kyrgyz Republic, Armenia, Kazakhstan, Montenegro, Georgia, Croatia, Ukraine, Cyprus, Bosnia and Herzegovina, Serbia. […] **TAGS:** **Debt Statistics**; **Debt crisis**; **Debt sustainability**; **Foreign Debt**

Are South Asian countries sinking into a debt trap?

Bidisha Das - The World Bank Group

The 2018 edition of International Debt Statistics (IDS 2018) which presents statistics and analysis on financial flows (debt and equity) for 123 low-and middle-income countries has just been released. One of the key observations of IDS 2018 is that net financial flows in 2016 to all developing countries witnessed a more than threefold increase over their 2015 level. This was driven entirely by net debt flows, which increased by $542 billion in 2016. Consequently, total external debt outstanding of all developing countries went up to $6.9 trillion, an increase of 4.1 percent over 2015. Interestingly, South Asia seems to deviate from this norm of IDS 2018.[...] **TAGS:** **Debt statistics**; **Debt sustainability**

Understanding Financial Accounts

OECD

Understanding Financial Accounts seeks to show how a range of questions on financial developments can be answered with the framework of financial accounts and balance sheets, by providing non-technical explanations illustrated with practical examples: What are the basic principles, concepts and definitions used for this framework which is part of the system of national accounts? What sources and which methodologies are used for their compilation? How are these used to monitor and analyse economic and financial developments? What can we learn about the 2007-2009 economic and financial crisis when looking at the numbers provided in this framework? What can we learn about financial risks and vulnerabilities? This publication is intended for young statisticians, students, journalists, economists, policy makers and citizens, who want to know more about the statistics that are at the heart of the analysis of financial developments in OECD economies. **TAGS:** **Transparency**; **Debt statistics; Accounting standards**

OECD Institutional Investors Statistics 2017

OECD

Institutional investors (investment funds, insurance companies and pension funds) are major collectors of savings and suppliers of funds to financial markets. Their role as financial intermediaries and their impact on investment strategies have grown significantly over recent years along with deregulation and globalisation of financial markets. This publication provides a unique set of statistics that reflect the level and structure of the financial assets and liabilities of institutional investors in the OECD countries (with the exception of Australia), and in Lithuania and the Russian Federation. Concepts and definitions are predominantly based on the System of National Accounts. Data are derived from national sources.[...] **TAGS:** **Institutional Investors**

Banks' exposures to home sovereign bonds

European Parliament

This background document summarises information that was published by the European Banking Authority and that sheds some light on the status quo of the 'sovereign-bank' nexus, in view of the fact that the link between sovereign and bank credit risk has been identified as a risk to financial stability. **TAGS:** **Sovereign debt exposure**; **Financial stability**

Public Finance Statistics in the European Union - 2016

Bank of Italy

This twice-yearly publication contains annual statistics on general government net borrowing, debt and main profit and loss account items of the EU countries and remaining G7 countries (United

States, Japan and Canada). The time series are available in the Statistical Database section of the Bank's website. **TAGS:** **Debt Statistics**

Government Bond data report: Q2 2017

AFME Finance for Europe

AFME is pleased to circulate its Q2 2017 Government Bond Data Report. This report provides a comprehensive data source with updated statistics of the Government bond primary and secondary markets in Europe (EU28). **TAGS: Debt statistics; Primary market**

MiFID II / MiFIR post-trade reporting requirements

AFME Finance for Europe, KPMG

This educational document provides our members with a structured approach to understanding the post-trade transparency (PTT) obligations defined under Article 6, 10, 20, and 21 of MiFIR. This document also highlights the key challenges and practical implementation options for the impacted qualifying investment firms to consider as they progress with plans to be MiFID II compliant. **TAGS: International and Macroprudential Regulations; Financial stability**

European primary dealers handbook updated Q3 2017

AFME Finance for Europe

Primary Dealers fulfil a key role by providing liquidity in the markets for government debt and the sovereign debt crisis emphasised the importance of Primary Dealers within the structure of the government debt markets. Each of the 16 chapters of this handbook offers a detailed description of the infrastructure of the primary and secondary market of a European country and the organisation of its Primary Dealer system. The appendices offer cross country overviews of certain organisational aspects, such as the electronic trading environment and summaries of the Primary Dealerships and sovereign credit ratings, while the preamble provides general background information on government bond trading in Europe. **TAGS: Primary market; Primary dealers**

ESMA Risk Dashboard

ESMA

In 1Q17, risks in the markets under ESMA remit remained at high levels, reflecting very high risk in securities markets, and elevated risk for investors, infrastructures and services. Our assessment of the individual risk categories did not change from 4Q16, with market and credit risk remaining very high due to the persisting low-interest rate environment, continued weaknesses in the EU banking sector and geopolitical developments. Liquidity risk is still assessed as high, with liquidity pressures in segments of the fund industry and in repo markets. Contagion risk remained high, driven by high levels of interconnectedness between different segments of financial markets amplified by the low-yield environment and associated incentives for risk-taking. Finally, operational risk remained a key concern. The risk outlook is stable across all risk categories, reflecting the stabilised macroeconomic environment and the non-materialisation of risk premia reversals following recent US monetary policy actions. **TAGS: Financial stability**

Myanmar Public Expenditure Review 2017: Fiscal Space for Economic Growth

The World Bank Group

Myanmar had a strong economic take off between 2011 and 2015, but sustaining it will depend on improvements to public services and infrastructure. Yet general government spending at 15 percent of gross domestic product (GDP) is much lower than what is needed to deliver these improvements, and well below countries at a similar level of development that spend over 20 percent of GDP on public services. The first public expenditure review (PER) for Myanmar found that since the country opened up in 2011, it moved quickly to allocate considerably more resources to priority public services. [...] **TAGS:** [Debt and fiscal/monetary policies]

[Uganda - Better data, better resilience : lessons in disaster risk finance from Uganda]

Barry Patrick Maher, Richard Andrew Poulter - The World Bank Group

A growing number of low- and middle-income countries are investing in social safety nets to improve the lives and livelihoods of their poor and vulnerable residents. According to the World Bank (2015) report the state of social safety nets, more than 1.9 billion people in 136 low- and middle income countries are now beneficiaries of social safety net programs. In Africa alone, the number of countries setting up such programs has doubled over the past three years, and rigorous evaluations prove that these programs work to reduce poverty. But around 55 percent of the world's poor, or 773 million people with acute needs, still lack safety net coverage. Moreover, even where safety nets are in place, the gains they make possible can be undermined by disasters, which tend to have the highest impact on the poorest. Recent studies show that disasters drive over 26 million people into poverty each year. **TAGS:** [Multilateral financing; World Bank]

[Italy's Public Debt Report 2016]

Italian MoF

The Report – at its third annual release - is meant to provide investors and citizens with a thorough transparent and complete set of information about Italian public debt management. More specifically, the paper provides detailed information about the following issues: - Goals set to public debt management activities for 2016; - Evolution of the Italian Government securities market in the international context; - Debt management within the overall public finance outlook; - Results of public debt issuance and management activities in 2016. **TAGS:** [Debt Policy]; [Debt statistics]

[The importance of large trade size liquidity in U.S. Financial Markets]

J. Christopher Giancarlo - United States Commodity Futures Trading Commission (CFTC)

To help us with that analysis, speaker explores the current quality of liquidity in one important area that the CFTC regulates: the Treasury futures market. He will address current liquidity in the Treasury Futures and its measurement, rather than look at changes in that liquidity over time. The trading liquidity of U.S. Treasuries and their associated futures contracts is of particular interest: Treasuries are a benchmark for other U.S. and world markets, and the U.S. government's ability to fund its debt efficiently and consistently is of vital national interest. The structure of the US treasury futures market is highly sophisticated. It encompasses participants that play important and specific roles as liquidity providers. Broker-dealers traditionally serve as market-makers to their customers. **TAGS:** [Market Liquidity]

[The effect of low oil prices and sanctions on the public debt of Russia]

Lidiya Parkhomchik, Hayal Ayca Simsek, Daniyar Nurbayev - Eurasian Research Institute

Currently, the Russian economy is suffering from an economic slowdown. GDP of Russia decreased by 3.7% and 0.2% in 2015 and 2016, respectively. Under these conditions, it is not surprising that the country experiences the increase of public debt to GDP, which according to the Finance Ministry of Russia, will reach 14.6% or $223.3 (hereinafter USD/RUB is 56.79) billion in 2017, while in 2016 the rate was 13.2% or $195.6 billion. It was also noted that the Ministry expects that the ratio will be growing further. It is forecasted that in 2018 the public debt to GDP will reach 14.9% or $242.6 billion, while in 2019 the rate will reach 15.3% or $266.5 billion. It is important to note that the Russian Government is going to focus mostly on the internal sources of financing budget deficit. The Government plans to increase internal public debt to GDP from 9.5% in 2016 to 11.7% in 2019, while external public debt to GDP is expected to be almost the same (3.7% in 2016 and 3.6% in 2019.)[…] **TAGS:** **Debt and fiscal/monetary policies**; **Debt sustainability**

GDP-linked Bonds **(2017)**

Camillo von Müller - German Federal Ministry of Finance

What are the opportunities and challenges of state-contingent debt instruments, including GDP-linked bonds, to promote debt sustainability? These slides examine this question along the lines of the G20-Compass for GDP-linked bonds. **TAGS:** **Primary market**; **Debt sustainability**

GDP-linked bonds: a new design for sovereign debt markets

Leland Goss - ICMA

A model set of terms and conditions, or "term sheet," for GDP-linked sovereign bonds has been prepared by an ad hoc working group consisting of investment managers, lawyers and economists from the Bank of England, together with support from ICMA and other trade associations.[…] **TAGS:** **Primary market**

The case for GDP-linked securities

Christian Kopf - Spinnaker Capital

Advantages of GDP-linked securities: •For sovereign issuers: purchase insurance against economic downturn and loss of market access. •For corporate issuers: better align debt with payment capacity. •For investors in advanced economies: avoid insolvency from locking in negative real yields by gaining upside if growth recovers. •For central banks: avoid fiscal dominance by regaining the ability to raise interest rates without bankrupting sovereigns. […] **TAGS:** **Primary market**; **Financial stability**; **Cost and Risk**

The New ASEAN Green Bonds Standards

Ashraf Arshad, José de Luna Martínez - The World Bank Group

Climate change poses a significant threat to the economic development of countries around the world. The World Bank estimates that up to a 100 million poor people could be pushed back into poverty by 2030 as a result of climate change – in part due to a combination of higher agricultural prices and threats to food security and health – especially in the poorer parts of the world. The Paris Agreement and the 2030 Sustainable Development Goals (SDGs) have provided commitments to tackle the most urgent of these environmental challenges.[…] **TAGS:** **Multilateral financing; Contractual standards; World Bank**

Overview of IFC's Green Bonds

International Finance Corporation (IFC)

IFC is one of the world's largest financiers of climate-smart projects for developing countries. Since 2005—when we started to track climate-smart components of our investments and advisory services—IFC has invested $18.3 billion in long-term financing from its own account and mobilized another $11 billion through partnerships with investors for climate-related projects. IFC was also one of the earliest issuers of green bonds, launching a green bond program in 2010 to help catalyze the market and unlock investment for private sector projects that support renewable energy and energy efficiency. As at 30th June 2017, IFC's had issued $5.8 billion in green bonds across in twelve currencies.[…] **TAGS: Multilateral financing; Primary market**

The Green Bond Principles (GBP)

ICMA

The Green Bond market aims to enable and develop the key role debt markets can play in funding projects that contribute to environmental sustainability. The Green Bond Principles (GBP) promote integrity in the Green Bond market through guidelines that recommend transparency, disclosure and reporting. They are intended for use by market participants and are designed to drive the provision of information needed to increase capital allocation to such projects. With a focus on the use of proceeds, the GBP aim to support issuers in transitioning their business model towards greater environmental sustainability through specific projects.[…] **TAGS: Primary market**

Green OAT

Agence France Trésor (AFT)

Green bonds fund projects that have a positive environmental impact. They differ from conventional bonds in that they carry precise and specific reporting requirements on the investments they fund and their "green" credentials, although the financial risk is the same for investors.[…] **TAGS: Primary market**

Financial stability with Sovereign Debt

Ryuichiro Izumi - Rutgers University

These slides study sovereign default together with self-fulling bank runs, and model the negative feedback loop between banks and the government. They compare government guarantee, liquidity regulation, and a mix of them. They derive conditions under which each policy regime is effective. **TAGS: Financial stability; Debt sustainability**

What We Owe: Truths, Myths, and Lies About Public Debt

Carlo Cottarelli - Università Cattolica del Sacro Cuore, Milan, Italy

The euro crisis, Japan's sluggish economy, and partisan disagreements in the United States about the role of government all have at least one thing in common: worries about high levels of public debt. Nearly everyone agrees that public debt in many advanced economies is too high to be sustainable and must be addressed. There is little agreement, however, about when and how that addressing should be done—or even, in many cases, just how serious the debt problem is. [...]**TAGS: Debt sustainability**

Solutions to national debt

Tejvan Pettinger - Economicshelp

This background document summarises information that was published by the European Banking Authority and that sheds some light on the status quo of the 'sovereign-bank' nexus, in view of the fact that the link between sovereign and bank credit risk has been identified as a risk to financial stability. **TAGS: Debt and fiscal/monetary policies**

What are the prospects for risk assets under evolving policy liquidity?

Rick Rieder – BlackRock

In this monthly fixed income market outlook, Rick Rieder, BlackRock's Chief Investment Officer of Global Fixed Income, discusses the prospects for risk assets under evolving policy liquidity. **TAGS:** **Debt forecasts**

Country risk report a quarterly guide to country risks

BBVA Research

Financial markets' risk-on mood tightens sovereign spreads beyond fundamentals. **TAGS:** **Debt Forecasts**; **Sovereign CDS**; **Sovereign Credit Ratings**

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10 Years after Crisis

Nick Silver - Council of the Institute and Faculty of Actuaries

Ten years ago the financial system collapsed and governments intervened to save it. Much of the subsequent legislation, regulation and angst has been directed at attempts to make the system less risky so it does not collapse again. But what is the social function of the financial system and does it fulfil it? **TAGS:** **Debt and recession**; **Debt crisis**

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.

6 January 2018; American Economic Association, Pennsylvania Convention Center, USA

Capital flows, volatility, and sovereign debt

17 January 2018; European Commission, Brussels, Belgium

European Commission DG ECFIN – OECD Economics Department workshop on GDP-linked government bonds

17 January 2018; Moody's Investors Service, webcast and teleconference
Moody's APAC Webcast – Latin America Sovereign Credit 2018 Outlook

22 January 2018; Bank of Finland, Helsinki
Seminar on Safe Assets, Sovereign Debt and Financial Stability

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

23 - 26 January 2018; WEO, Davos-Klosters, Switzerland
World Economic Forum 2018

25 January 2018; Asia Development Bank, Tokyo, Japan
Myths and observations on unconventional monetary policy: takeaways from post-bubble Japan

25 January 2018; Moody's Investors Service, Singapore
Moody's 2018 Asia Credit Outlook Conference

31 January 2018; GBSA The gulf bond and sukuk association, London
GBSA/EMTA Special Seminar on MENA/GCC Markets

8 February 2018; AFME – Finance for Europe, Madrid
9th Annual Spanish Funding Conference

8 – 10 February 2018; University of Wisconsin-Madison, Wisconsin-Madison, United States
Political economy of international organizations

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

12 – 14 February; CEF, Ljubljana, Slovenia
Coordination for Financial Stability: Crisis Management for Securities Regulators

13 – 15 February 2018; WEO, Davos-Klosters, Switzerland
World Economic Forum on Latin America

21 February 2018; The Centre for Finance and Development (CFD), Geneva
World Bank Report on The Changing Wealth of Nations

23 February 2018; Moody's, New York
High yield bond covenants: a practical approach
Sovereign Default

1-2 March 2018; Central Banking National Asset-Liability Management Europe 2018, London
National asset-liability management Europe 2018

4 – 5 March 2018; Jesus College, Cambridge, UK
Heterogeneity in macroeconomics a decade after the crisis

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

5-9 March 2018; CEF, Ljubljana, Slovenia
Government Finance Statistics

13 – 14 March 2018; FTI Treasury (Central Bank of Ireland), Dublin
Training - Understanding Treasury Management (March 2018)

17 – 18 March 2018; Central Banking Training, Mexico City
National Asset-Liability Management Americas

19 March – 20 April 2018; UNITAR United Nations Institute for Training and Research, Web Based
Basic course on Public Debt Management (2018)

20 – 23 March 2018; Central Banking Training, Oxford, UK
Risk Management for Central Banks 2018

20 – 23 March 2018; Central Banking Training; Oxford, UK
Macro-prudential policy: implementing the financial stability mandate

22 March 2018; AFME – Finance for Europe, London
13th Annual European Trading & Market Structure Conference

22 March 2018; AFME, London
13th annual European trading & market liquidity conference. A new frontier for fixed income

26 March – 27 April 2018; UNITAR United Nations Institute for Training and Research, Web Based
Negotiation of Financial Transactions (2018)

5 – 6 April 2018; ADEMU A Dynamic Economic and Monetary Union, Toulouse, France
Sovereign Debt in the 21st Century

10 April 2018; Moody's Investors Service, Prague
Moody's Prague 12th Annual Central Europe Summit

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

12 – 14 April 2019 – IMF, Washington D.C.
2019 Spring meetings of the World Bank Group and the International Monetary Fund

20 – 22 April 2018; IMF, Washington, D.C.
2018 Spring Meetings of the International Monetary Fund and World Bank Group

23 - 24 April 2018; Bank of Canada, Ottawa, Canada
5th International conference on sovereign bond markets

30 April – 1 June 2018; UNITAR United Nations Institute for Training and Research, Web Based
Audit of Public Debt (2018)

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

21 May – 22 June 2018; UNITAR United Nations Institute for Training and Research, Web Based
Fundamentals of the Money Market (2018)

14 May - 15 June 2018; UNITAR United Nations Institute for Training and Research, Web Based
Fundamentals of central banking and monetary policy (2018)

28 – 29 may 2018; European Commission; World Bank Group, Brussels
2018 DMF Stakeholders' Forum

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

18 – 19 June 2018; European Central Bank, Frankfurt am Main, Germany
10th ECB workshop on forecasting techniques: economic forecasting with large datasets

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

12 – 14 October 2018; IMF, Bali Nusa Dua, Indonesia
2018 Annual Meetings of the International Monetary Fund and World Bank Group

Some Figures

At 24 January, 2018, the number of documents, reports and events on the PDM Network website is 8,073. News uploaded on the website since January 2017 are 4,445. This newsletter is sent to 668 Subscribers from emerging and advanced countries.

Special Thanks

The PDM Secretariat is grateful to Fatos Koc (OECD), Amira Amat (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.*