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PDM NETWORK *Newsletter*

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

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

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

Contents

Special Focus

South Africa on the Right Track - Assessing the Contingent Liabilities from State-Owned Enterprises

The World Bank

Story Highlights: The South African Government issues guarantees to mitigate the cost of borrowing for state-owned enterprises, but this necessitates a sound framework for managing contingent liabilities.

The World Bank Treasury's Government Debt and Risk Management (GDRM) program is working with South Africa to support the improvement of their methodology for cost/risk assessment and management for government guarantees and on-lending practices.

The South African Asset and Liability Management division within the National Treasury, has made significant strides towards moving from a more qualitative monitoring system, towards a more sector-specific system for accessing and managing their government's contingent liabilities. Read more **TAGS:** Contingent Liabilities; Debt and growth; World Bank; Best Practices; Sovereign ALM

OECD Sovereign Borrowing Outlook 2018

OECD

The 2018 edition of the Outlook presents gross and net borrowing requirements, central government marketable debt and funding strategies for the OECD area and country groupings from 2007-2018. In addition, it examines i) interactions between fiscal policy, public debt management and monetary policy in the context of global economic and financial developments; ii) the recent evolution of sovereign debt credit quality; iii) liquidity in sovereign bond markets; and iv) issuers' experience with green bonds and sukuk, as well as views on new approaches, including GDP-linked instruments.

Read more TAGS: OECD; Debt Policy; Debt and fiscal/monetary policies; Debt Statistics; Sovereign debt market; Market Liquidity

Webinar on Demystifying Catastrophe Bonds for Debt Managers

The World Bank

In February 2018, the World Bank issued the largest sovereign CAT bond in market history, providing US$1.36 billion of earthquake coverage for the members of the Pacific Alliance – Chile, Colombia, Peru and Mexico. In this webinar, we will discuss what it took for government officials to adopt this instrument, how the deal fit into the debt management strategies and operations, and how the collaboration between the World Bank and the governments worked. We will also hear about how the World Bank could respond with an end-to-end solution, how CAT Bonds work, and how they strengthen the financial resilience of governments against natural disasters. Abigail C. Baca, Senior Financial Officer at the World Bank Treasury, will share the key messages and takeaways for debt managers. Patricio Sepulveda, Head of Public Debt, Chile, will present the experience of members of the Pacific Alliance and Akinchan Jain, Senior Financial Officer at the World Bank Treasury will share on the role of the WB as an intermediary and issuer. A Q&A session will provide the participants with the opportunity to discuss and share other experiences and lessons learned. Read more TAGS: World Bank webinars; Primary market; Bond market development; Cost and Risk

Documents

Debt Policy

Boosting fiscal space: the roles of GDP-Linked Debt and longer maturities (2018)

Jonathan David Ostry , Jun I. Kim - IMF

Can debt management policy provide a way to increase fiscal space for a given path of primary fiscal balances? This note explores the role of two such policies: issuance of state-contingent debt; and issuance of longer maturity debt. New analytical models determine the debt limit and the default risk under uncertainty, and undertake numerical simulations to gauge the practical significance of the effect of debt management policies on fiscal space. The results suggest that, by managing debt along these two dimensions, economically salient gains in fiscal space are plausible for advanced and emerging markets. **TAGS:** Debt and fiscal/monetary policies; Bond market development

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Public Debt Management in Kenya: A Case for Review of the Legal and Policy Framework (2018)

Jackson Kiprotich Bett - University of Nairobi

The Kenya Vision 2030, United Nations Agenda 2030 on Sustainable Development

and African Union Agenda 2063 have placed heavy budgetary constraints on Kenya and necessitated heavy foreign borrowing in a bid to finance these development projects. Governments borrow externally in order to raise funds for budgetary deficit as opposed to internal borrowing which reduces the funds available for development projects. Kenya's foreign debt was on a sustainable path until Kenya floated a sovereign bond in the European market to raise funds for infrastructure. The Auditor General in Kenya later presented a report claiming that the funds raised from the $2 billion sovereign bond could not be accounted for by the Treasury. The Treasury also failed to provide a list of projects that were financed using funds raised from the Eurobond. In 2018 Kenya floated another $ 2 billion sovereign bond in the Irish Stock Exchange to raise funds for infrastructure development. Excessive external borrowing has placed Kenya's foreign debt on an unsustainable path and without prudent debt management policies Kenya is headed for a sovereign debt crisis. Foreign borrowing exposes Kenya to vulture funds which can purchase Kenya's sovereign debt in secondary market for pennies and then sue for the full amount. It also paves way for foreign institutions and governments to interfere with the internal operations of a country. The paper will explore the theories of debt management and the factors that make Kenya susceptible to sovereign debt crisis. It will also examine the legal framework governing public debt management and offer recommendations on how to best manage Kenya's sovereign debt.
TAGS: **Foreign Debt**; **Debt sustainability**; **Debt and fiscal/monetary policies**

Cost and Risk

Foreign-Law Bonds: Can They Reduce Sovereign Borrowing Costs? **(2018)**

Marcos Chamon, Julian Schumacher, Christoph Trebesch - International Monetary Fund, European Central Bank, Kiel Institute for the World Economy

Governments often issue bonds in foreign jurisdictions, which can provide additional legal protection vis-à-vis domestic bonds. This paper studies the effect of this jurisdiction choice on bond prices. The authors test whether foreign-law bonds trade at a premium compared to domestic-law bonds. The authors use the euro area 2006-2013 as a unique testing ground, controlling for currency risk, liquidity risk, and term structure. Foreign-law bonds indeed carry significantly lower yields in distress periods, and this effect rises as the risk of a sovereign default increases. These results indicate that, in times of crisis, governments can borrow at lower rates under foreign law. **TAGS:** **Cost and Risk**; **Primary market**; **Foreign Debt**

The costs of (sub)Sovereign Default Risk: evidence from Puerto Rico **(2018)**

Anusha Chari, Ryan Leary, Toan Phan - Federal Reserve Bank of Richmond

Puerto Rico's unique characteristics as a U.S. territory allow us to examine the channels through which (sub)sovereign default risk can have real effects on the macroeconomy. Post-2012, during the period of increased default probabilities, the cointegrating relationship between real activity in Puerto Rico and the U.S. mainland breaks down and Puerto Rico spirals into a significant decline. The authors exploit the cross-industry variation in default risk exposure to identify the impact of changes in default risk on employment. The evidence suggests that there are significantly higher employment growth declines in government demand and external finance dependent industries. An additional real effect of default anticipation is that heightened default risk Granger causes Puerto Rico's austerity measures. An event study analysis using government bond yields and stock returns confirms that news of increased default risk increases the cost of capital for the Puerto Rican government and for publicly traded Puerto Rican firms. **TAGS:** **Debt Crisis**; **Sovereign defaults**; **Subnational debt**

Primary Markets

Positive liquidity spillovers from sovereign bond-backed securities **(2018)**
Peter G. Dunne - ESRB
There are competing arguments about the likely effects of Sovereign Bond-Backed Securitisation on the liquidity of sovereign bond markets. By analysing hedging and diversification opportunities, this paper shows that positive liquidity spillovers would dominate or at least constrain the extent of any negative effects. This relies on dealers using Sovereign Bond-Backed Securities as instruments to hedge inventory risk and it assumes that they diversify their activities widely across euro area sovereign markets. Through a simple arbitrage relation, the existence of low-cost hedging and diversification opportunities limits the divergence of bid-ask spreads between national and SBBS markets. This is demonstrated using estimated SBBS yields. **TAGS:** **Primary market**; **Market Liquidity**; **Bond market development**

State contingent debt as insurance for euro-area sovereigns **(2018)**
Maria Demertzis, Stavros Zenios - Bruegel
The promotion of the banking union and the establishment of a European Monetary Fund are institution-based solutions to crises. Banking union provides the safety regulations that will make banking institutions more resilient, while the EMF is a 'fire brigade' to be called on in emergencies. What has not been tapped are the markets, whose tolerant behaviour to sovereign demands encouraged the built up of debt, while their finicky response exacerbated the crisis. Taking ongoing G20 discussions on sovereign contingent debt as the point of departure, the authors argue that these instruments could provide market-based insurance to protect the euro area from future debt crises. Risk-sharing with the markets is a constructive way forward in the context of the Franco- German debate on risk-sharing among states versus system-wide risk reduction. The financial innovation of contingent debt is a practical euro-area reform that would not introduce risk-sharing between states or require institutional reforms or Treaty changes. However, coordination would be needed. **TAGS:** **Primary market**; **Contingent Liabilities**

Instruments, investor base, and recent developments in the Malaysian Government Bond Market **(2018)**
Yinqiu Lu, Dmitry Yakovlev - IMF
Foreign holdings of Malaysian local currency (LCY) government bonds have increased since the global financial crisis. By exploring the micro-level bank by bank and fund by fund data, the authors are able to shed light on the key features of the LCY government bonds including their investor base. The data suggest that to gain exposure to the Malaysian credit, holding cash bonds is generally only one part of the strategy of foreign investors and in many cases FX derivatives are involved. The availability of an efficient FX derivatives market could help to attract a wider range of foreign investors and enrich the bond market. Meanwhile, the analysis of the risk related to the foreign ownership ideally could also cover the role of derivatives. The analysis also allows us to conclude that despite the importance of

foreign investors, domestic participants, as the core investor base, could help to ensure the stability and proper functioning of the bond market. **TAGS:** **Primary market**; **Derivatives**; **Bond market development**

Secondary Markets

The next generation bond market **(2018)**
Richie Prager Daniel Veiner Brett Pybus Stephen Laipply Vasiliki Pachatouridi Hui Sien Koay – BlackRock
Fixed income markets have undergone significant structural change since the 2008 financial crisis. These seismic shifts are forcing investors to adapt to a new market paradigm that will challenge not only how they trade fixed income, but what types of products they use to build bond portfolios and manage risk. In this paper, authors examine the evolution of the bond market through three interconnected lenses: the liquidity environment, market structure and product preferences. All three are changing in the post-crisis era with implications for the shape of the future bond market and investors. Similar to what took place in equities, they believe the coming years will be marked by a major transformation in fixed income. In this new world, investors may have to think differently about how to build portfolios, how to trade and what to trade. **TAGS:** **Market Liquidity**; **Sovereign debt market**; **Primary dealers**; **Trading platforms**; **Cost and Risk;** **Bond market development**

Subnational Debt

Politics, banks, and sub-sovereign debt: unholy trinity or divine coincidence? **(2018)**
Michael Koetter, Alexander Popov - IWH, European Central Bank
The authors exploit election-driven turnover in State and local governments in Germany to study how banks adjust their securities portfolios in response to the loss of political connections. The authors find that local savings banks, which are owned by their host county and supervised by local politicians, increase significantly their holdings of home-State sovereign bonds when the local government and the State government are dominated by different political parties. Banks' holdings of other securities, like federal bonds, bonds issued by other States, or stocks, are not affected by election outcomes. The authors argue that banks use sub-sovereign bond purchases to gain access to politically distant government authorities. **TAGS:** **Subnational debt**; **Institutional Investors**

Financial Analysis

Illiquidity in Sovereign Debt Markets **(2018)**
Juan Passadore, Yu Xu - Einaudi Institute for Economics and Finance, The University of Hong Kong
The authors study sovereign debt and default policies when credit and liquidity risk are jointly determined. To account for both types of risks the authors focus on an economy with incomplete markets, limited commitment, and search frictions in the secondary market for sovereign bonds. The authors quantify the effect of liquidity on sovereign spreads, debt capacity, and welfare by performing quantitative exercises when our model is calibrated to match key features of the Argentinean default in 2001. The authors find that the liquidity premium is a substantial component of spreads and increases during bad times, and reductions in secondary market frictions improve welfare. **TAGS:** **Market Liquidity**; **Sovereign defaults**; **Sovereign risk premia**

Default Risk and the Pricing of U.S. Sovereign Bonds (2018)

Robert F. Dittmar, Alex Hsu, Guillaume Roussellet, Peter Simasek - University of Michigan, Georgia Institute of Technology, McGill University

United States Treasury securities are viewed in academics and practice as being free of default risk. In principle, nominal outstanding Treasury debt can be inflated away by issuing fiat currency. The same does not hold true, however, for inflation-indexed debt. The authors examine the relative pricing of nominal and inflation-indexed debt in the presence of risk of default. The authors show empirically that the breakeven inflation rate between nominal Treasury securities and TIPS is statistically significantly related to the premium paid on U.S. credit default swaps (CDS), controlling for measures of liquidity and slow-moving capital. This evidence motivates us to model the prices of nominal and inflation-protected securities in a structural setting. Our model shows that breakeven inflation is related to perceptions of differing rates of recovery in the two markets. The estimated model can simultaneously capture variation in breakeven inflation rates and U.S. Treasury CDS spreads. **TAGS:** Financial Analysis; Sovereign bonds yields; Sovereign debt market; Sovereign CDS

The effect of fiscal announcements on interest spreads: Evidence from the Netherlands (2018)

Jasper de Jong - De Nederlandsche Bank

The authors estimate the effect of consolidation efforts on investors' perception of government's solvency. To this end, the authors analyze announcements by Dutch government officials between September 2008 and December 2014 and select those messages that contain relevant new information on the likelihood and substance of consolidation packages. The authors then scrutinize whether announcements affect the yield spread of Dutch ten year government bonds vis-à-vis German bonds. Our findings indicate that announcements hinting at improvements in the budget balance significantly lowered yield spreads. As most announcements involve events during the negotiation process on consolidation packages rather than the official date of agreement or implementation of these packages, our results illustrate the importance of accurately assessing the news content of messages. **TAGS:** Sovereign bonds yields; Sovereign risk premia; Debt and fiscal/monetary policies

Public debt and growth: heterogeneity and non-linearity (2018)

Markus Eberhardt and Andrea F. Presbitero - University of Nottingham, IMF

The authors study the long-run relationship between public debt and growth in a large panel of countries. Our analysis builds on theoretical arguments and data considerations in modelling the debt–growth relationship as heterogeneous across countries. The authors investigate the debt–growth nexus adopting linear and non-linear specifications, employing novel methods and diagnostics from the time-series literature adapted for use in the panel. The authors find some support for a negative relationship between public debt and long-run growth across countries, but no evidence for a similar, let alone common, debt threshold within countries. **TAGS:** Financial Analysis; Debt and growth

Interest-growth differentials and debt limits in advanced economies (2018)

Philip Barrett - IMF

Do persistently low nominal interest rates mean that governments can safely borrow more? To addresses this question, I extend the model of Ghosh et al. [2013] to allow for persistent stochastic changes in nominal interest and growth rates. The key model parameter is the long-run difference between nominal interest and growth rates; if negative, maximum sustainable debts (debt limits) are unbounded. I show how both VAR- and spectral-based methods produce negative point estimates of this long-run differential, but cannot reject positive values at standard significance levels. I calibrate the model to the UK using positive but statistically plausible average interest-growth differentials. This produces debt limits which increase by only around 5% GDP as interest rates fall after 2008. In contrast, only a tiny change in the long-run average interest-growth differential – from the 95th to the 97.5th percentile of the distribution – is required to move average debt limits by the same amount. **TAGS:** **Debt sustainability**; **Sovereign bonds yields**

How effective are Sovereign Bond-Backed Securities as a spillover prevention device? **(2018)**

David Cronin, Peter G. Dunne - Central Bank of Ireland

Brunnermeier et al. (2017) propose the introduction of sovereign bond-backed securities (SBBS) in the euro area. That and other papers assess how the securitisation would insulate senior bond holders from actual default-related losses. This paper generalises the assessment by using the VAR-based Diebold and Yilmaz (2012) spillover index methodology to assess potential attenuation of the spillover of shocks in holding-period returns across bond markets due to the introduction of SBBS. This is made possible by employing SBBS yields estimated from historical euro area member state sovereign bond yields using Monte Carlo methods, as described in Schonbucher (2003). A lower spillover of shocks between SBBS securities compared to what arises between eleven member states' bond markets is observed. Spillover values fall during the euro area sovereign bond crisis. Gross and net spillovers are lower for a 70-30 tranching than for a 70-20-10 case but in both cases the senior tranche becomes more insulated from shocks in the more junior tranches during periods of financial stress. **TAGS:** **Primary market**; **Bond market development;** **Sovereign defaults**

Public debt and growth: heterogeneity and non-linearity **(2018)**

Markus Eberhardt, Andrea F. Presbitero - University of Nottingham, IMF

The authors study the long-run relationship between public debt and growth in a large panel of countries. Our analysis builds on theoretical arguments and data considerations in modelling the debt–growth relationship as heterogeneous across countries. The authors investigate the debt–growth nexus adopting linear and non-linear specifications, employing novel methods and diagnostics from the time-series literature adapted for use in the panel. The authors find some support for a negative relationship between public debt and long-run growth across countries, but no evidence for a similar, let alone common, debt threshold within countries. **TAGS:** **Financial Analysis**; **Debt and growth**

Eight centuries of the risk-free rate: bond market reversals from the Venetians to the 'VaR shock' **(2018)**

Paul Schmelzing - Harvard University

Based on a new dataset for the global risk-free rate in nominal and real terms since the year 1311, this paper will argue that the current global bond market does indeed show strong signs of a historically unusual price expansion since 1981. In the first part, nine major secular bond bull markets since the 13th century are identified, and the current price expansion placed into its (very) long-term context. Furthermore, the new dataset indicates that in July 2016 the global risk-free rate reached its lowest point ever. The second part of this paper proceeds empirically in its focus on notable "bull market reversals" in the 20th century, to investigate closer the more recent dynamics leading to sharp investor losses. The authors distinguish among (1) "monetary (mis-) communication reversals" in which central bank communication plays a central role, (2) non-fundamental, "curve steepening reversals", and (3) fundamental, inflation-led reversals. While important idiosyncrasies exist, an eventual end to the current bond bull market could involve similar fundamentally-driven dynamics as experienced in 1965-1970. **TAGS:** **Debt and fiscal/monetary policies**; **Financial Analysis**

Effects of asset purchases and financial stability measures on term premia in the euro area **(2018)**

Richhild Moessner – BIS

The authors study the effects of the announcements of ECB asset purchases and of financial stability measures in the euro area on ten-year government bond term premia in eleven euro area countries in the wake of the global financial crisis and the euro area sovereign debt crisis. The authors find that the term premia of euro area countries with higher sovereign risk, as measured by sovereign CDS spreads, decreased more in response to the announcements of asset purchases and financial stability measures. Term premia of countries with the lowest sovereign risk either increased as in Germany, or were not significantly affected or fell slightly, as in the Netherlands and Finland. **TAGS:** **Financial Analysis**; **Debt and fiscal/monetary policies**; **Financial stability;** **Sovereign risk premia**

Channels of US monetary policy spillovers to international bond markets **(2018)**

Elias Albagli, Luis Ceballos, Sebastián Claro and Damian Romero - Central Bank of Chile

The authors document significant US monetary policy (MP) spillovers to international bond markets. Their methodology identifies US MP shocks as the change in short-term treasury yields within a narrow window around FOMC meetings, and traces their effects on international bond yields using panel regressions. The authors emphasize three main results. First, US MP spillovers to long-term yields have increased substantially after the global financial crisis. Second, spillovers are large compared to the effects of other events, and at least as large as the effects of domestic MP after 2008. Third, spillovers work through different channels, concentrated in risk neutral rates (expectations of future MP rates) for developed countries, but predominantly on term premia in emerging markets. In interpreting these findings, They provide evidence consistent with an exchange rate channel, according to which foreign central banks face a tradeoff between narrowing MP rate differentials, or experiencing currency movements against the US dollar. Developed countries adjust in a manner consistent with freely floating regimes, responding partially with risk neutral rates, and partially through currency adjustments. Emerging countries display patterns consistent with FX interventions, which cushion the response of exchange rates but reinforce capital flows and their effects in bond yields through movements in term premia. Their results suggest that the endogenous effects of FXI on long-term yields should be added into the standard cost-benefit analysis of such policies. **TAGS:** **Financial Analysis**; **Sovereign risk premia**; **Sovereign bonds yields**

Quantitative easing and preferred habitat investors in the euro area bond market (2018)

Martijn Boermans, Robert Vermeulen - De Nederlandsche Bank

Quantitative easing (QE) aims to lower long term interest rates and stimulate economic growth via the portfolio rebalancing channel. One of the assumptions for QE to work is that there are investors with strong preferences to hold long term bonds, i.e. so called preferred habitat investors. This paper investigates whether the ECB's Public Sector Purchase Programme (PSPP) affected euro area investors' demand for bonds using granular securities holdings data. The results show strong evidence that euro area investors acted as preferred habitat investors. These findings hold across all major euro area investors (banks, insurance companies, pension funds and investment funds). The results suggest that since the sellers of bonds in response to QE in the euro area are different from those that sold to the Fed, BoE and BoJ, policymakers need to pay particular attention to demand by non-euro area investors, especially if the ECB plans to reduce its balance sheet. **TAGS:** **Debt and fiscal/monetary policies**; **Institutional Investors**

Debt Crisis

Financial and Fiscal Interaction in the Euro Area Crisis: This Time was Different (2018)

Alberto Caruso, Lucrezia Reichlin, Giovanni Ricco - Confindustria Italy, London Business School, University of Warwick

This paper highlights the anomalous characteristics of the Euro Area `twin crises' by contrasting the aggregate macroeconomic dynamics in the period 2009-2013 with the business cycle fluctuations of the previous decades. The authors report three stylised facts. First, the contraction in output was marked by an anomalous downfall in investment, while consumption, savings and unemployment followed their historical relation with GDP. Second, households' and financial corporations' debts, and house prices deviated from their pre-crisis trends. Third, the jump in the public deficit-GDP ratio in 2008-2009 was unprecedented and so was the fiscal consolidation that followed. Our analysis points to the financial nature of the crisis as a likely explanation for these facts. Importantly, the `anomaly' in public deficit is in large part explained by extraordinary measures in support of the financial sector, which show up in the stock-flow adjustments and reveal a key interaction between the fiscal and the financial sectors. **TAGS:** **Debt crisis**; **Debt and fiscal/monetary policies**; **State aids**

The Greek Debt Crisis: Like the Enigma of Sphinx. An Estimation of the Probability of Default (2018)

Georgios Vousinas - National Technical University of Athens

The present study deals with the Greek debt crisis and tries to shed light on its determinants, going back to its origins, while examining its negative effects following the burst of the global financial crisis that still plagues the country. This paper also examines the efforts taken to deal with it, a combination of Greek austerity measures and strong financial aid from foreign institutions. Moreover, a probability of default assessment is performed in order to emphasize the fact that, even if the macroeconomic assumptions underpinning the fiscal adjustment program prove realistic and effective, Greek sovereign debt is far from viable and the financial situation of the public sector will remain fragile, having a long and difficult road to follow. Finally, it is pointed out that long term and permanent measures have to be taken in order to address the long-standing weaknesses of the economy and get rid of the vice of default for good, as well as the establishment of a stable political and economic environment. **TAGS:** **Debt crisis**; **Sovereign defaults**; **Debt Restructuring**; **Debt and fiscal/monetary policies**

What Macroeconomic Conditions Lead Financial Crises? **(2018)**

Michael T. Kiley - Federal Reserve Board, Washington DC

Research has suggested that a rapid pace of nonfinancial borrowing reliably precedes financial crises, placing the pace of debt growth at the center of frameworks for the deployment of macroprudential policies. The author reconsiders the role of asset-prices and current account deficits as leading indicators of financial crises. Run-ups in equity and house prices and a widening of the current account deficit have substantially larger (and more statistically-significant) effects than debt growth on the probability of a financial crisis in standard crisis-prediction models. The analysis highlights the value of graphs of predicted crisis probabilities in an assessment of predictors. **TAGS:** **Debt crisis**; **Financial Analysis**

International and Macroprudential Regulations

International tax cooperation and sovereign debt crisis resolution: reforming global governance to ensure no one is left behind **(2018)**

José Antonio Alonso - Universidad Complutense de Madrid, Committee for Development Policy (CDP)

The paper focuses on two crucial issues that hinder the fiscal sovereignty of developing countries: the reduced level of international tax cooperation, and the lack of appropriate procedures for sovereign debt crisis resolution. The low level of international tax cooperation enables a 'race to the bottom' in tax rates among countries, tax avoidance through profit-shifting activities by companies and tax evasion by individuals and companies, based on the existence of non-cooperative jurisdictions. In the last five years, the international community has made some improvements in this field, but the situation remains far from satisfactory. On the other hand, the current procedure for sovereign debt resolution, through negotiations at the Paris Club with the support of the IMF, is not only unfair, but also inefficient. The paper explores alternatives in both fields. Appropriate responses to these international problems would have to show benefits in terms of efficiency and welfare at the global level, and establish fundamentals for countries to take full advantage of their resources, which is a necessary condition for funding policies that will not leave (or push) any nation or social sector behind. **TAGS:** **Debt and fiscal/monetary policies**; **Foreign Debt**; **Debt Restructuring**; **Sovereign debt litigation;** **Debt relief**

Financial spillovers, spillbacks, and the scope for international macroprudential policy coordination **(2018)**

Pierre-Richard Agénor and Luiz A. Pereira da Silva - University of Manchester; BIS
This paper discusses the scope for international macroprudential policy coordination in a financially integrated world economy. Sections 2 and 3 set the stage by reviewing the transmission channels associated with, and the empirical evidence on, financial spillovers and spillbacks – which have both increased in magnitude since the global financial crisis. Limitations of the existing literature are also identified. Section 4 evaluates the potential gains associated with cross-border macroprudential coordination, dwelling on both recent analytical contributions and quantitative studies based on multi-country models with financial market frictions. The particular case of currency unions is discussed, and so is the issue of whether coordination of macroprudential policies simultaneously requires some degree of monetary policy coordination. Much of this analysis focuses on the potential for countercyclical policy coordination between major advanced economies and a group identified as systemic middle-income countries (SMICs). Sections 5 and 6 consider practical ways to promote international macroprudential policy coordination. Following a discussion of Basel III's principle of reciprocity and ways to improve it, the paper advocates a further strengthening of the current statistical, empirical and analytical work conducted by the Bank for International Settlements, the Financial Stability Board and the International Monetary Fund to evaluate and raise awareness of the gains from international coordination of macroprudential policies. The last section brings together some of the key policy lessons that can be drawn from the analysis. **TAGS:** **International and Macroprudential Regulations**; **Financial stability**

Contract Standards

How Good Is the Public Data on Sovereign Bond Contracts? **(2018)**

Andrea E. Kropp, G. Mitu Gulati, Mark C. Weidemaier - Duke University School of Law, University of North Carolina School of Law

Commercial databases now make available to paying clients information about the legal terms in sovereign loan contracts. This information is important to academic researchers, to policy institutions such as the International Monetary Fund, and to investors and other market actors. For random sample of ten countries, the authors compare this data to a hand-coded sample of bond terms. The authors find significant error rates in the commercial databases, which vary significantly by country and by the legal term at issue. In some cases, the authors document error rates well over 75 percent. The authors also describe important limitations in the data, especially the use of binary coding schemes that obscure important differences in the rights conferred by different sovereign loan contracts. **TAGS:** **Contract standards**; **Accounting, statistics, Reporting and Auditing**

Debt Restructuring

Pre-emptive sovereign debt restructuring and holdout litigation **(2018)**

Kartik Anand, Prasanna Gai - Deutsche Bundesbank, University of Auckland

The authors offer an analytical framework for studying "pre-emptive" debt exchanges. Countries can tailor a sovereign bankruptcy framework by choosing provisions (or `haircuts') ex ante, but must contend with the market discipline of holdout litigation ex post. Secondary markets play a role in shaping the holdout costs facing the sovereign, and our results suggest that it is optimal to prioritise the rights of holdout creditors during litigation so that they are always paid in full. The authors clarify how macroeconomic and legal factors influence the choice of haircut. Their model contributes to the debate on sovereign debt restructuring by formalizing Bolton and Skeel's (2004) notion of a "Designer SDRM". **TAGS: Debt Restructuring; Sovereign debt litigation**

Belize's 2016-17 Sovereign Debt Restructuring - Third Time Lucky? (2018)

Tamon Asonuma , Michael G. Papaioannou, Eriko Togo, Bert van Selm - International Monetary Fund, Drexel University

This paper examines the causes, processes, and outcomes of Belize's 2016–17 sovereign debt restructuring—its third episode in last 10 years. As was the case in the earlier two restructurings, in 2006–07 and in 2012–13, the 2016–17 debt restructuring was executed through collaborative engagement with creditors outside an IMF-supported program. While providing liquidity relief and partially addressing long-term debt sustainability concerns, the restructuring will need to be underpinned by ambitious fiscal consolidation and growth-enhancing structural reforms to secure durable gains. **TAGS: Debt Restructuring; Debt and fiscal/monetary policies**

Official Debt Restructurings and Development (2018)

Gong Cheng, Javier Diaz-Cassou, Aitor Erce - European Stability Mechanism, London School of Economics & Political Science

Despite the frequency of official debt restructurings, little systematic evidence has been produced on their characteristics and implications. Using a dataset covering more than 400 Paris Club agreements, this paper fills that gap. It provides a comprehensive description of the evolving characteristics of these operations and studies their impact on debtors. The progressive introduction of new terms of treatment gradually turned the Paris Club from an institution primarily concerned with preserving creditors' claims into an instrument to foster development in the world's poorer nations, among other objectives. Our study finds that more generous restructuring conditions involving nominal relief are associated with an acceleration of per capita GDP growth, a reduction of poverty and inequality, and an increase in public health budgets. The authors also find that countries receiving nominal relief tend to receive lower aid flows subsequently, the opposite being the case for countries receiving high reductions in the net present value of their obligations, but no nominal haircuts. **TAGS: Debt Restructuring; Debt relief; Debt and growth**

What Can Be Found in the Venezuelan Bag of Snakes? An Analysis of the Bolivarian Republic's Expected Debt Litigation as Contrasted with the Previous Argentina Bond Litigation (2018)

Tomas D. Rodriguez Correa - Max Planck Society for the Advancement of the Sciences

The article examines three issues of sovereign debt litigation related to Venezuelan debt securities listed on the Luxembourg Stock Exchange (LuxSE): pari passu clauses, collective action clauses (CACs) and immunities. Firstly, the analysis focuses on the 14 sovereign bonds of the Republic and the kind of pari passu stipulated in them. Research shows that the majority of these bonds have old pari passu clauses, broad interpretations of which pose potential risks for the Republic. This conclusion is supported by the Argentinian pari passu experience. Secondly, research of the CACs, as suggested by the International

Capital Market Association, is presented. This allows for the identification of the thresholds required to either avoid or accomplish debt restructuring. Once the thresholds are determined, the study analyzes what sort of CACs exist with respect to the Venezuelan securities. It appears that Venezuela has old generation CACs. Accordingly, it is concluded that restructuring processes would be required on a bond by bond basis, and consequently that the CACs structure of the Republic's securities are weak. Finally, the notions of sovereign immunities as well as United Nations special immunities are considered in relation to the main Venezuelan asset: Petróleos de Venezuela S.A. In this section the commercial purpose of the company is evaluated particularly in light of the experience of the Banco Central de la República Argentina before N.Y. courts during the 2000s. The paper concludes with an evaluation of the potential grant of UN immunities with respect to Venezuelan assets, analogous to that which took place in the case of Iraq in 2003. **TAGS:** **Debt Restructuring**; **Contract standards**; **Sovereign debt litigation**

Incorporating creditors' seniority into contingent claim models: Application to peripheral euro area countries **(2018)**

Gómez-Puig, Singh M, Sosvilla-Rivero - Risckcenter Research group–IREA, Complutense Institute for International Studies, Universidad Complutense de Madrid

This paper highlights the role of multilateral creditors (i.e., the ECB, IMF, ESM etc.) and their preferred creditor status in explaining the sovereign default risk of peripheral euro area (EA) countries. Incorporating lessons from sovereign debt crises in general, and from the Greek debt restructuring in particular, the authors define the priority structure of sovereigns' creditors that is most relevant for peripheral EA countries in severe crisis episodes. This new priority structure of creditors, together with the contingent claims methodology, is then used to derive a set of sovereign credit risk indicators. In particular, the sovereign distance-to-default indicator, proposed in this paper (which includes both accounting metrics and market-based measures) aims to isolate sovereign credit risk by using information from the public sector balance sheets to build it up. Analyzing and comparing it with traditional market-based measures of sovereign risk suggests that the measurement and predictive ability of credit risk measures can be vastly improved if we account for the changing composition of sovereigns' balance sheet risk based on creditors' seniority. **TAGS:** **Debt Restructuring**; **Debt crisis;** **Multilateral financing**

A new generational contract. The final report of the Intergenerational Commission **(2018)**

The Intergenerational Commission

We have shown that generational progress has indeed stalled. Moreover, we face significant challenges in providing the health and care that older generations expect. This report brings our findings together and the evidence is compelling. No longer can anyone deny the challenge facing us as a country in maintaining a fair deal between the generations. The difficulty is that meeting this spending challenge via borrowing or turning to the usual taxes on income and consumption would put disproportionate costs onto younger generations who have borne the brunt of recent living standards pressures. These approaches are both unsustainable in the long run – neither the national debt nor income tax rates can rise forever – and clearly unfair between the generations. We need to avoid breaching the intergenerational contract by either cutting essential support for older generations or putting unsustainable costs onto younger ones most affected by the financial crisis. That means we need new answers. While the short-term deficit burden has eased, the UK's ageing population is set to put pressure on the public finances in the 2020s and beyond. Projected additional costs amount to £24 billion per year in just over a decade, and £63 billion by 2040. Borrowing to meet these costs would mean debt rising above 230 per cent of GDP by the 2060s, passing the burden on to future generations who are already set to inherit higher debt levels following the financial crisis. This approach would not be sustainable. The alternative of reducing the generosity of the welfare state would mean older generations not receiving the health and care services they deserve, expect and need. **TAGS:** **Debt and fiscal/monetary policies**; **Debt Forecasts**; **Debt sustainability**

How international investment agreements have made debt restructuring even more difficult and costly **(2018)**

Yuefen LI - South Centre

This brief is part of the South Centre's policy brief series focusing on international investment agreements and experiences of developing countries. While the reform process of international investment protection treaties is evolving, it is still at a nascent stage. Systemic reforms that would safeguard the sovereign right to regulate and balance the rights and responsibilities of investors would require more concerted efforts on behalf of home and host states of investment in terms of reforming treaties and rethinking the system of dispute settlement. Experiences of developing countries reveal that without such systemic reforms, developing countries' ability to use foreign direct investment for industrialization and development will be impaired. **TAGS:** **Sovereign debt litigation**; **Debt crisis**; **Debt Restructuring**

Restructuring Venezuela's debt using *Pari Passu* **(2017)**

Dimitrios Lyratzakis, Khaled Fayyad - Duke University, School of Law

Given the depth of Venezuela's economic crisis, many fear that the government and the state-owned oil company Petroleos de Venezuela, S.A. ("PDVSA") are on the brink of insolvency. In this paper, the authors introduce a restructuring plan that would allow Venezuela to restructure its external debt in an orderly manner. The authors propose that Venezuela restructure both PDVSA debt and its own external debt via Exchange Offers. To maximize the number of participating bondholders and receive sufficient debt relief, the authors suggest that Venezuela primarily utilize the *pari passu* clauses in the vast majority of PDVSA and Venezuelan bonds, which have been modified compared to a typical *pari passu* clause and can be read to allow the subordination of the bonds according to Venezuelan law. To minimize the number of holdout creditors, therefore, Venezuela can introduce a law that subordinates non-exchanged debt to exchanged debt, making timely or full payment of holdout debt unlikely. This tactic would minimize the need to solely rely on alternative restructuring techniques, such as exit consents and Collective Action Clauses. The authors argue that while these techniques might in and of themselves prove insufficient to effectuate a successful restructuring, they could be useful when viewed as second-best restructuring options. Because the parties contracted for debt subordination in the bond contracts, the authors predict that using a debt subordination technique would be more viable in Venezuela's case than it has been in past sovereign debt restructurings. Ironically, the *pari passu* clause that doomed Argentina might be what saves Venezuela. **TAGS: Debt restructuring**; **Contract standards**; **Debt crisis; Buybacks & Exchanges**

Accounting, Statistics, Reporting and Auditing

Global Debt Database: Methodology and Sources (2018)

IMF

This paper describes the compilation of the Global Debt Database (GDD), a cutting-edge dataset covering private and public debt for virtually the entire world (190 countries) dating back to the 1950s. The GDD is the result of a multiyear investigative process that started with the October 2016 Fiscal Monitor, which pioneered the expansion of private debt series to a global sample. It differs from existing datasets in three major ways. First, it takes a fundamentally new approach to compiling historical data. Where most debt datasets either provide long series with a narrow and changing definition of debt or comprehensive debt concepts over a short period, the GDD adopts a multidimensional approach by offering multiple debt series with different coverage, thus ensuring consistency across time. Second, it more than doubles the cross-sectional dimension of existing private debt datasets. Finally, the integrity of the data has been checked through bilateral consultations with officials and IMF country desks of all countries in the sample, setting a higher data quality standard. **TAGS: Debt Statistics**; **Accounting, statistics, Reporting and Auditing**

Macroeconomic Analysis

Aspects of economic governance in the Euro area: restoring internal and external balances (2018)

Nicos Christodoulakis - Athens University of Economics and Business

The Economic Governance for the Euro Area is envisaged to be both an overseeing framework that enables the timely identification of oncoming trouble, as well as a correction mechanism that puts an economy hit by major shocks back in order. The paper discusses the relevance of prevention and correction mechanisms, and finds that exclusively focusing fiscal policy on debt sustainability may be misleading for all and more harmful to the weaker economies in particular, unless internal and external imbalances are taken into account. The fiscal rule should be designed so as to be compatible with debt sustainability in the medium run but also allowed to respond to short term output and current account fluctuations. The micro-management of fiscal components with regards to political feasibility and social equity is also discussed. **TAGS: Debt and fiscal/monetary policies**: **Debt sustainability**

Optimal Public Debt with Life Cycle Motives (2018)

William Peterman, Erick Sager - The Federal Reserve Board of Governors, Bureau of Labor Statistics

Public debt can be optimal in standard incomplete market models with infinitely lived agents, since the associated capital crowd-out induces a higher interest rate. The higher interest rate encourages individuals to save and, hence, better self-insure against idiosyncratic labor earnings risk. Even though individual savings behavior is a crucial determinant of the optimality of public debt, this class of economies abstracts from empirically observed life cycle savings patterns. Thus, this paper studies how incorporating a life cycle affects optimal public debt. The authors find that while the infinitely lived agent model's optimal policy is public debt equal to 24% of output, the life cycle model's optimal policy is public savings equal to 61% of output. Although public debt also encourages life cycle agents to hold more savings during their lifetimes, the act of accumulating this savings mitigates the potential welfare benefit. Moreover, public savings improves life cycle agents' welfare by encouraging a flatter allocation of consumption and leisure over their lifetimes. Accordingly, abstracting from the life cycle yields an optimal policy that reduces average welfare by more than 0.6% of expected lifetime consumption. Furthermore, ignoring the life cycle overstates the influence of wealth inequality on optimal policy, since optimal policy is far less sensitive to wealth inequality in the life cycle model than in the infinitely lived agent model. These results demonstrate that studying optimal debt policy in an infinitely lived agent model, which abstracts from the realism of a life cycle in order to render models more computationally tractable, is not without loss of generality. **TAGS:** **Debt Policy**; **Debt sustainability**; **Economic Forecasts**

Partners in Debt: An Endogenous Nonlinear Analysis of Interaction of Public and Private Debt on Growth (2018)

Mehmet Caner, Qingliang Fan, Thomas J. Grennes - Ohio State University, Xiamen University, North Carolina State University

This paper studies the interaction of public and private debt in determining economic growth. Both debt variables are treated as endogenous and subject to regime switch with the interaction term being the threshold variable. Then the authors test whether this interaction variable causes non-linearity. The authors find strong evidence for a threshold effect. This threshold variable is also endogenous unlike the previous literature. Using data from 29 OECD countries from 1995-2014, the threshold effect of the interaction of public and private debt to growth is found to be negative and significant on economic growth when it reaches the level of 137%. The authors also decompose the private debt to household and corporate debt. It is found that the public and private debt interaction is likely to be through the channel of household debt and public debt. For a robustness check, we examine the threshold effects considering the effects of banking crises, output volatility, and institutional quality, different time periods and models. **TAGS:** **Debt and growth;** **Financial Analysis;** **Debt sustainability**

Asset pricing and the propagation of macroeconomic shocks (2018)

Ivan Jaccard – ECB

This paper considers the implications of habit formation and financial frictions for the propagation of macroeconomic shocks. In a model that is capable of matching asset pricing moments, a short-lived shock that destroys a small fraction of the economy's stock of pledgeable collateral generates a persistent recession, a stock market crash, and a flight-to-safety effect. This novel mechanism creates a tight link between the asset pricing implications of macroeconomic models and their ability to propagate and amplify the effects of macroeconomic shocks. **TAGS:** **Cost and Risk**; **Financial Analysis**

[Macroeconomic developments and prospects in low-income developing countries](#) (2018)

IMF

This paper is the fourth in a series that examines macroeconomic developments and prospects in Low Income Developing Countries (LIDCs). LIDCs are Fund member countries where gross national income (GNI) *per capita* lies below a threshold level and where external financial linkages and socioeconomic indicators have not lifted them into emerging market status. There are 59 countries in the LIDC grouping, accounting for about one-fifth of the world's population and 4 percent of global output. The paper examines macroeconomic trends across LIDCs in recent years, contrasting key features of the current situation with the period prior to the 2014 decline in commodity prices. Particular attention is given to the evolution of fiscal positions and public debt levels, including detailed analysis of the drivers of debt accumulation and the current severity of debt vulnerabilities. The analysis is grounded in, and draws on, the analysis and databases used to compile the World Economic Outlook: this report drills down into the WEO database to look in detail at the experience of LIDCs. **TAGS: Debt and fiscal/monetary policies; Debt sustainability; Debt and growth**

Assessment of Contingent Liabilities and Their Impact on Debt Dynamics in South Africa (2018)

Fritz F. Bachmair, Jane Bogoev - The World Bank

The aim of this analysis is to quantify the losses from potential materialization of contingent liabilities by applying a new methodology for the case of South Africa and to assess their impact on debt dynamics. Accordingly, the authors bring a novelty to this research by utilizing probabilities of distress, which is a different approach compared to the existing, already applied methodology. The central finding of the simulations conducted is that estimated losses from contingent liabilities are significantly lower in the first year when they materialize compared to the existing applied methodology, and will gradually add up over time. Accordingly, the solvency and liquidity situation in the country will deteriorate. For example, the largest deterioration will occur in the debt to GDP ratio where the debt accumulation may be higher by 2.1 percent of GDP within three years, compared to the baseline projection. What is more concerning is that the debt trajectory is not stabilizing and losses incurred from materialization of contingent liabilities may become significant driving factor of debt accumulation in medium-term. Ultimately, the current estimates suggest that contingent liabilities may constitute a drag to fiscal policy in medium-term and their long-term accumulation may jeopardize the debt sustainability of the country. In that respect, this analysis suggests remedial measures and building protective buffers by the South African Treasury in the case CLs materialize. **TAGS: Contingent Liabilities; Debt Forecasts; Debt sustainability**

Sovereign default and monetary policy tradeoffs (2018)

Huixin Bi, Eric M. Leeper, Campbell Leith - KC FED

How do the effects of routine monetary operations designed to achieve macroeconomic stabilization change when the economy moves from a debt to GDP level where the probability of default is nil to the "fiscal limit," where the default probability is non-negligible? The authors find that the specification of the monetary policy rule plays a critical role. By targeting the risky rate, the central bank accommodates default risk, amounting to an implicit relaxation in the inflation target as the economy approaches its fiscal limit. A transitory monetary policy contraction leads to a sustained rise in inflation, even though monetary policy actively targets inflation, and fiscal policy passively adjusts taxes to stabilize debt. If the central bank targets the risk-free rate, on the other hand, the central bank keeps its inflation target unchanged even as sovereign default risk surges. As a result, output endures most of the macroeconomic cost of fiscal adjustment in response to high debt. **TAGS:** **Debt and fiscal/monetary policies**; **Sovereign defaults**

When is debt a drag on economic growth? **(2018)**

Alexander Chudik, Kamiar Mohaddes, Mohammad Hashem Pesaran and Mehdi Raissi - Federal Reserve Bank of Dallas, University of Cambridge, University of Southern California, International Monetary Fund

Is there a tipping point for public indebtedness beyond which growth drops off significantly; and does a build-up of public debt slow the economy in the long run? This column reports the results of an empirical analysis of these questions for 40 advanced and developing economies over nearly half a century. **TAGS:** **Debt and growth**

Economic Policies

Assessing Fiscal Sustainability **(2018)**

Laurence J. Kotlikoff - Boston University

Every country faces an intertemporal budget constraint, which requires that its government's future expenditures, including servicing its outstanding official debt, be covered by its government's future receipts when measured in present value. The present value difference between a country's future expenditures and its future receipts is its fiscal gap. The US fiscal gap now stands at $205 trillion. This is 10.3 percent of the estimated present value of all future US GDP. The United States needs to raise taxes, cut spending, or engage in a combination of these policies by an amount equal to 10.3 percent of annual GDP to close its fiscal gap. Closing the gap via raising taxes would require an immediate and permanent 57 percent increase in all federal taxes. Closing the gap via spending cuts (apart from servicing official debt) would require an immediate and permanent 37 percent reduction in spending. This grave picture of America's fiscal position effectively constitutes a declaration of bankruptcy. **TAGS:** **Debt and fiscal/monetary policies**

Fiscal Compact and Debt Consolidation Dynamics **(2018)**

Luca Brugnolini, Luisa Corrado - Central Bank of Malta Research Department, University of Rome Tor Vergata

The authors analyse the macroeconomic effects of a debt consolidation policy in the Euro Area mimicking the Fiscal Compact Rule (FCR). The rule requires the signatory states to target a debt-to-GDP ratio below 60%. Within the context of Dynamic Stochastic General Equilibrium models (DSGE), the authors augment a fully micro-founded New-Keynesian model with a parametric linear debt consolidation rule, and the authors analyse the effects on the main macroeconomic aggregates. To fully understand its implications on the economy, the authors study different debt consolidation scenarios, allowing the excess debt to be re-absorbed with different timings. The authors show that including a debt consolidation rule can exacerbate the effects of the shocks in the economy by imposing a constraint on the public debt process. Secondly, the authors note that the effect of loosening or tightening the rule in response to a shock is heterogeneous. Shocks hitting nominal variables (monetary policy shock) are not particularly sensitive. On the contrary, the authors prove that the same change has a more pronounced effect in case of shock hitting real variables (productivity and public spending shocks). Finally, the authors show that the macroeconomic framework worsens as a function of the rigidity of the debt consolidation rule. As a limiting case, the authors show that the effects on output, employment, real wages, inflation, and interest rates are sizable. **TAGS: Debt Policy; Debt and fiscal/monetary policies**

Learning about fiscal multipliers during the European sovereign debt crisis: evidence from a quasi-natural experiment (2018)

Lucyna Górnicka, Christophe Kamps, Gerrit Koester, Nadine Leiner-Killinger – ECB

Identifying fiscal multipliers is usually constrained by the absence of a counterfactual scenario. Our new data set allows overcoming this problem by making use of the fact that recommendations under the EU's excessive deficit procedure (EDP) provide both a baseline no-policy-change scenario and a fiscal-adjustment EDP scenario that entails a forecast of the macroeconomic impact of fiscal consolidation over the EDP horizon. For a sample of 24 EU countries to which 48 EDP recommendations were applied between 2009 and 2015, the authors derive country-specific fiscal multipliers as actually applied by forecasters during the crisis. Our results confirm Blanchard and Leigh's (2013, 2014) presumption that forecasters learned during the crisis. According to our findings, fiscal multipliers as applied by the European Commission increased over time – from about 1/4 in the early years of the crisis to about 2/3 in the later years. However, different from Blanchard and Leigh (2013, 2014), the authors do not find evidence for the hypothesis that ex-post fiscal multipliers have been substantially above 1 during the crisis. **TAGS: Debt and fiscal/monetary policies; Debt crisis**

ECB Policies involving Government Bond purchases: impact and channels (2018)

Arvind Krishnamurthy, Stefan Nagel, Annette Vissing-Jorgensen - Stanford Graduate School of Business, University of Chicago, University of California

This document evaluates the effects of three European Central Bank (ECB) policies (the Securities Markets Programme (SMP), the Outright Monetary Transactions (OMT), and the Long-Term Refinancing Operations (LTROs)) on government bond yields. It uses a novel Kalman-filter augmented event-study approach and yields on euro-denominated sovereign bonds, dollar-denominated sovereign bonds, corporate bonds, and corporate credit default swap (CDS) rates to understand the channels through which policies reduced sovereign bond yields. On average across Italy, Spain and Portugal, considering both the SMP and the OMT, yields fall considerably. Decomposing this fall, default risk accounts for 37% of the reduction in yields, reduced redenomination risk for 13%, and reduced market segmentation effects for 50%. Stock price increases in distressed and core countries suggest that these policies also had beneficial macro-spillovers. **TAGS: Debt and fiscal/monetary policies; Sovereign bonds yields**

Reconciling risk sharing with market discipline: A constructive approach to euro area reform (2018)
Agnès Bénassy-Quéré, Markus Brunnermeier, Henrik Enderlein, Emmanuel Farhi, Marcel Fratzscher, Clemens Fuest, Pierre-Olivier Gourinchas, Philippe Martin, Jean Pisani-Ferry, Hélène Rey, Isabel Schnabel, Nicolas Véron, Beatrice Weder di Mauro, Jeromin Zettelmeyer – Various Affiliations
This publication, written by a group of independent French and German economists, proposes six reforms which, if delivered as a package, would improve the Eurozone's financial stability, political cohesion, and potential for delivering prosperity to its citizens, all while addressing the priorities and concerns of participating countries. **TAGS:** **Structural policies**; **Financial stability**; **International and Macroprudential Regulations**

Multilateral Financing

Financing for development Progress and Prospects 2018 (2018)
UN Financing for Development Office Department of Economic and Social Affairs
This report is a joint product of the members of the Inter-agency Task Force on Financing for Development (members are shown on page xi). The Financing for Development Office of the United Nations Department of Economic and Social Affairs serves as the coordinator and substantive editor of the Task Force report.
The online annex of the Task Force (http://developmentfinance.un.org) comprehensively monitors progress in implementation of the Financing for Development outcomes, including the Addis Ababa Action Agenda and relevant means of implementation targets of the SDGs. It provides the complete evidence base for the Task Force's annual report on progress in the seven action areas of the Addis Agenda. **TAGS:** **Debt sustainability**; **Multilateral financing**; **Debt crisis; Subnational debt**

International Best Practices

Background Note on Designing Government Debt Management Strategies (2018)
World Bank Treasury - Debt Management Advisory Services
Background notes for the Government Debt Management GDM 1 training course. The target audience for this publication are previous and future participants of the Designing Debt Management Strategies (GDM1) training course. The background notes serve as preparation before attending the training course, and as reference material for debt managers who have already participated. The first chapter introduces the overall concepts and objectives of government debt management, and familiarizes the reader with choices about risk exposure. Learning objectives are outlined at the start of each. Boxes supplement the main text and provide more detail and examples of the issues being discussed. Chapters are concluded with recommendations for further reading. At the end, a glossary provides a list of key terms and phrases with brief explanations. […] **TAGS:** **Debt Policy**; **Cost and Risk**; **Debt and fiscal/monetary policies**; **Bond market development; World Bank**

Supporting South Africa: contingent liability management and better communication to stakeholders

World Bank Treasury

How can a government grow the economy yet manage risks due to rapid expansion? Anthony Julies, Deputy Director-General, Asset and Liability Management, National Treasury of South Africa explains the road taken by South Africa in proactively managing contingent liabilities stemming from government. **TAGS:** Contingent Liabilities; Debt and growth

European Economic Forecast. Spring 2018

Directorate-General for Economic and Financial Affairs - European Commission

Growth rates for the EU and the euro area beat expectations in 2017 to reach a 10-year high at 2.4%. Growth is set to remain strong in 2018 and ease only slightly in 2019, with growth of 2.3% and 2.0% respectively in both the EU and the euro area. **TAGS:** Economic Forecasts

Why EMU requires more financial integration

Vítor Constâncio – ECB

In short, the history of EMU is marked by an evolving search for the right institutional embedding of financial markets. And in that search, Europe has to be agile to react to changing circumstances. In doing so it has to find a balance: between markets and regulation, between liability and control, and between the European and national level.[…] **TAGS:** Financial stability; Structural policies

Financial stability risks and macroprudential policy in the euro area

Vítor Constâncio – ECB

The institutional setup in the euro area, with distinct roles assigned to monetary policy for the maintenance of price stability and to macroprudential policy for safeguarding financial stability, is well placed to achieve both of these objectives. In my remarks, I have shown that this is supported by the academic consensus and empirical evidence. In a monetary union with a single monetary policy, this set-up allows deploying targeted macroprudential policies wherever imbalances may be emerging.[…] **TAGS:** Financial stability; Cost and Risk; International and Macroprudential Regulations

A 'new neutral' world: global debt and equilibrium interest rates

Nicola Mai – PIMCO

The rise in global debt has continued unabated following the Global Crisis. This column argues that elevated debt levels will continue to put downward pressure on equilibrium interest rates across the world's major economies, constraining central bank efforts to normalise rates and supporting the thesis that global equilibrium interest rates have fallen. **TAGS:** Debt sustainability; Sovereign bonds yields; Financial stability

Scope: Can sovereign bond-backed securities be the safe asset the euro area wants?

Bernhard Bartels, Giacomo Barisone – Scope Ratings

The creation of European Sovereign Bond Backed Securities (SBBS) offers a likely improvement to the euro area's institutional framework, enhancing financial stability by supporting increased banking sector portfolio diversification and improving market access for euro area countries. However, Scope also sees obstacles to SBBS implementation with limited political support and questions about how SBBS would function. **TAGS:** **Primary market**; **Sovereign debt market**; **Sovereign debt exposure;** **Bond market development**

Debt Management - Annual Review 2017

Finnish Treasury - Republic of Finland

The mission of the State Treasury is to secure the funding for the Finnish central government. In 2017, the State Treasury raised EUR 20.2 billion on international capital markets. Finland's central government debt was EUR 105.8 billion at the end of 2017, or 47.1 per cent in relation to GDP. **TAGS:** **Debt Policy**; **Debt Statistics**; **Cost and Risk**; **Debt composition**

Debt Management Annual Review 2017

Austrian Treasury - Republic of Austria

It includes an overview of Austria's main debt portfolio and liquidity management activities as well as key economic data including an outlook for the current year. You will also find budgetary data including the latest figures announced in April 2018. **TAGS:** **Debt Policy**; **Debt Statistics**; **Cost and Risk**; **Debt composition**

Annual Report 2017

Hong Kong Monetary Authority (HKMA)

The Hong Kong Monetary Authority (HKMA) published its annual report for 2017 including the financial statements of the Exchange Fund. The report reviews trends and major events in monetary and banking affairs, and reports on the HKMA's work during 2017. It also sets out the HKMA's work plans for 2018. **TAGS:** **Debt Policy**; **Debt Statistics**

Fiscal policy coordination and deleveraging

Alexandre Lucas Cole, Chiara Guerello and Guido Traficante - LUISS Guido Carli (Rome)

Presentation held at the FIRSTRUN Final Conference on January 29th 2018. Financed through the project FIRSTRUN (Grant Agreement 649261), funded by the Horizon 2020 Framework Programme of the European Union. **TAGS:** **Debt and fiscal/monetary policies**

Using mathematical approaches to optimally manage public debt

Society for Industrial and Applied Mathematics

In this model, governments face two opposing costs. On the one hand, they aim to minimize the total expected opportunity cost due to debt. This may result, for instance, from private investment crowding out public investments, leaving less room for public ventures, and from a tendency to suffer low subsequent growth. On the other hand, by reducing the debt through, say, fiscal policies, the government incurs a cost that is proportional to the amplitude of its action. It is important for governments to properly counterbalance these two costs, and such a problem can be modeled mathematically through a so-called singular stochastic control problem. **TAGS:** **Debt and growth**; **Financial Analysis**

Will rising international concern over a new debt crisis be matched by action?

Mark Perera – Eurodad

The IMF has turned up the volume on warnings of a new debt crisis in the Global South. In a report looking at macroeconomic developments in 59 of the world's poorest countries (low-income developing countries or LIDCs), the IMF paints a bleak picture of rising debt risks and what this means for development spending. Forty per cent of LIDCs are now deemed to be at high risk of or in debt distress, with the most dramatic increases in debt vulnerabilities since 2013 generally being seen in Sub-Saharan Africa. Meanwhile, only one in five are considered to be at low risk: the lowest proportion since 2007. […] **TAGS:** **Debt crisis**; **Sovereign defaults**; **Debt sustainability**

Bringing down high debt

Vitor Gaspar Laura Jaramillo – IMF

Global debt hit a new record high of $164 trillion in 2016, the equivalent of 225 percent of global GDP. Both private and public debt have surged over the past decade. High debt makes government's financing vulnerable to sudden changes in market sentiment. It also limits a government's ability to provide support to the economy in the event of a downturn or a financial crisis. Countries should use the window of opportunity afforded by the economic upswing to strengthen the state of their fiscal affairs. The April 2018 Fiscal Monitor explores how countries can reduce government deficits and debt in a growth-friendly way. **TAGS:** **Debt sustainability**; **Financial stability**

World Economic Situation and Prospects 2018

UNCTAD

The report is a joint product of the United Nations Department of Economic and Social Affairs UN/DESA), the United Nations Conference on Trade and Development (UNCTAD) and the five United Nations regional commissions (Economic Commission for Africa (ECA),Economic Commission for Europe (ECE), Economic Commission for Latin America and the Caribbean (ECLAC), Economic and Social Commission for Asia and the Pacific (ESCAP) and Economic and Social Commission for Western Asia (ESCWA). **TAGS:** **Debt Forecasts**; **Debt sustainability**; **Debt and fiscal/monetary policies**

Brazil Guaranteed Debt Report - Jan-Apr/18

Federal Public Debt of Brazil

The Brazilian National Treasury has released the Guaranteed Debt Report for the first four months of 2018. The document presents the updated balance of the guarantees by the Federal Government to credit operations. In addition, the report includes the executed guarantees amount, corresponding to obligations defaulted by borrowers and paid by the Federal Government up to April 30, 2018. **TAGS:** **Debt Statistics**; **Contingent Liabilities**

GFMA Releases Guiding Principles for Market Transparency

The Global Financial Markets Association (GFMA)

Increasingly, regulators are developing public transparency requirements across markets and jurisdictions, which highlights differing policy objectives for rules and the need for shared global principles. Market transparency requirements should support specific policy objectives, consider the fundamental structural differences between markets and among asset classes, and provide meaningful and useful information to market participants while doing no harm to market integrity, liquidity, efficiency and resilience. Fundamental structural differences between markets, including participants and their needs, preclude a "one-size-fits-all" approach. […] **TAGS:** **Best Practices**; **Transparency**; **International and Macroprudential Regulations**

EU Bank pioneers new bond in support of sustainable development

European Investment Bank

The European Investment Bank (EIB) has today announced on the margins of the IMF/World Bank Group Spring Meetings plans for a new debt product: a Sustainability Awareness Bond, highlighting the Bank's key role in sustainable finance both in and outside of Europe. The aim is to support the achievement of the United Nations Sustainable Development Goals by further unlocking investment in social, green and sustainable projects. **TAGS:** **Primary market;** **Bond market development**

Green & Social Bond market update

ICMA Bond Market Contact Group ECB

A market has arisen for bond investors looking for opportunities that incorporate environmental, social and sustainability considerations. Green, Social and Sustainability Bonds have evolved out of this demand. Green, Social and Sustainability Bonds are any type of bond instrument where the proceeds will be exclusively applied to eligible environmental and social projects. […] **TAGS:** **Primary market**; **Bond market development**

Debt securities statistics - Updated 5 June 2018

BIS

These statistics cover borrowing activity in debt capital markets. They capture debt instruments designed to be traded in financial markets, such as treasury bills, commercial paper, negotiable certificates of deposit, bonds, debentures and asset-backed securities, and distinguish between debt securities issued in international and domestic markets. […]**TAGS:** **Debt Statistics**

Completing Europe's Banking Union means breaking the bank-sovereign vicious circle

Isabel Schnabel, Nicolas Véron - University of Bonn, Bruegel and Peterson Institute for International Economics

Several euro area leaders have recently referred to the need to "complete the Banking Union". This column, part of VoxEU's Euro Area Reform debate, asks what would be required for Banking Union to be considered "complete", and makes the case for a modest approach to breaking the vicious circle between banks and sovereigns. **TAGS:** **Financial stability**; **Sovereign debt exposure**; **International and Macroprudential Regulations**

Make euro area sovereign bonds safe again

Grégory Claeys - Research Fellow, Bruegel, Associate Professor, Conservatoire National des Arts et Métiers

In their recent Policy Insight, the team of French and German authors suggest introducing sovereign bond-backed securities to play the role of safe asset in the euro area. This column, part of the VoxEU debate on euro area reform, argues that an improved euro area architecture would, in the long run, make all euro area sovereign bonds safer, and thus make the provision of safe assets through untested and potentially disruptive sovereign bond-backed securities unnecessary. **TAGS:** **Financial stability**; **Debt sustainability**; **International and Macroprudential Regulations;** **Bond market development**

How much will global Sovereigns borrow in 2018?

Karen Vartapetov - S&P Global Ratings

Annual survey of global sovereign debt and borrowing compiles data pertaining to all rated sovereigns. S6P projects that the sovereigns we rate will borrow an equivalent of $7.4 trillion from long-term commercial sources in 2018--roughly the same as in 2017. It forecasts gross long-term commercial borrowing to drop slightly to 9% of rated sovereigns' GDP in 2018, from an average of 9.5% during the three preceding years. […]**TAGS:** **Debt Forecasts**; **Primary market**

Mounting debt threatens sustainable development goals

Chris Lane Elliott Harris – IMF

In 2017, most types of development financing flows increased, helped by an upturn in the world economy, increased investment, and supportive financial market conditions. Yet less than three years after adoption, the implementation of the SDGs is running into a major hurdle—rising public debt in some developing countries. **TAGS:** **Multilateral financing**; **Debt sustainability**; **Debt and growth**

BIS global liquidity indicators at end-December 2017

BIS

Foreign currency credit continued to grow during 2017, with US dollar credit rising by 8% to $11.4 trillion and euro credit by 10% to €3.0 trillion. US dollar credit to emerging market economies (EMEs) rose by 10% in the year to end-2017, led by strong issuance of international debt securities, which grew by 22%. […]**TAGS:** **Debt Statistics**; **Market Liquidity**; **Foreign Debt**

ESMA launches bond liquidity system under MiFID II

ESMA

The European Securities and Markets Authority (ESMA) has published today its first liquidity assessment for bonds subject to the pre- and post-trade requirements of the Markets in Financial Instruments Directive (MiFID II) and Regulation (MiFIR). ESMA's assessment of the European bond market for the first quarter of 2018 found 220 bonds (out of 71,000 for which the assessment was executed) to be sufficiently liquid to be subject to MiFID II's real-time transparency requirements. The full list of liquid bonds is available through ESMA's Financial Instruments Transparency System (FITRS). **TAGS:** **International and Macroprudential Regulations**; **Transparency**; **Market Liquidity**

World Economic Outlook, April 2018 - Cyclical Upswing, Structural Change

IMF

The global economic upswing that began around mid-2016 has become broader and stronger. This new World Economic Outlook report projects that advanced economies as a group will continue to expand above their potential growth rates this year and next before decelerating, while growth in emerging market and developing economies will rise before leveling off. For most countries, current favorable growth rates will not last. Policymakers should seize this opportunity to bolster growth, make it more durable, and equip their governments better to counter the next downturn. **TAGS:** **Economic Forecasts**; **Financial stability**

OECD Economic Outlook and Interim Economic Outlook 2018

OECD

The global economy is experiencing stronger growth, driven by a rebound in trade, higher investment and buoyant job creation, and supported by very accommodative monetary policy and fiscal easing, according to the OECD's latest Economic Outlook. The pace of global expansion over the 2018-19 period is expected to hover near 4%, which is close to the long-term average. […] **TAGS:** **Economic Forecasts**; **Debt and fiscal/monetary policies**; **Financial stability**; **Debt sustainability; OECD**

OECD Journal on Budgeting, Volume 2017 Issue 2

OECD

Topics of this issue; - A theoretical framework for spending review policies at a time of widespread recession; - Financing and Budgeting Practices for Health in Peru; -Rationalising Government Fiscal Reporting; - The EU Budget and the European Refugee Crisis. **TAGS:** **Debt and fiscal/monetary policies**; **Accounting, statistics, Reporting and Auditing;** **OECD**

BTP ITALIA – FAQs

Italy's MoF - Treasury Department

BTPs Italia are the first Italian government securities indexed to the Italian inflation rate, with semi-annual coupons and a maturity of 4, 6 and 8years, conceived principally to meet the needs of retail investors. They are indeed the first Italian government securities issued by using the MOT platform of the Borsa Italiana -London Stock Exchange Group (www.borsaitaliana.it), instead of the traditional auction mechanism. Accordingly, they can be purchased at issuance not only at a bank, but also through any home-banking system equipped with the on-line trading feature.[…] **TAGS:** **Primary market**

ECB Economic Bulletin 2/2018 - Box 2: Euro area sovereign bond market liquidity since the start of the PSPP

Linas Jurkšas, Daniel Kapp, Ken Nyholm, Julian Von Landesberger – ECB

The liquidity of euro area sovereign bond markets is important for the transmission of the ECB's monetary policy. In particular, a high degree of liquidity fosters the link between the ECB's monetary policy decisions, the yield curve, financial asset prices in general, and the overall cost and flow of finance in the economy. The liquidity of sovereign bond markets needs to be monitored more closely since the implementation of the ECB's public sector purchase programme (PSPP), under which a significant share of outstanding euro area sovereign bonds has been bought.[…] **TAGS:** **Sovereign debt market**; **Market Liquidity**; **Debt and fiscal/monetary policies**

Market Trends 2017/18: Sovereign Bonds

Whitney Debevoise Neil Goodman Carlos Pelaez – LexisNexis

This article describes current trends and developments during 2017 in the sovereign bond financing market. It explains the process for issuance of a sovereign bond, notable transactions, and regulatory changes that may affect certain aspects of the sovereign bond market in the coming year. For additional information, see Sovereign Entities Practice Guide and Debt Capital Markets in International Jurisdictions. **TAGS:** **Bond market development**; **Cost and Risk**; **Primary market**; **Financial Analysis;** **Sovereign debt market**

Sovereign Debt 2018: global borrowing to remain steady at US$7.4 Trillion

S&P Global Capital Markets

S&P Global Ratings presents its annual survey of global sovereign debt and borrowing, which compiles data pertaining to all rated sovereigns. We project that the sovereigns we rate will borrow an equivalent of $7.4 trillion from long-term commercial sources in 2018--roughly the same as in 2017. We forecast gross long-term commercial borrowing to drop slightly to 9% of rated sovereigns' GDP in 2018, from an average of 9.5% during the three preceding years.[…] **TAGS:** **Debt Forecasts**; **Sovereign Credit Ratings**

Sovereign immunity of foreign Central Bank assets
Ingrid Wuerth - International Law at Vanderbilt Law School
Central bank property is an attractive target for creditors seeking to satisfy a judgment against a foreign state or its central bank. To what immunity is such property entitled? Enforcement actions against foreign central bank assets have raised important questions of domestic and international law over the past two decades. […]**TAGS: Sovereign defaults**; **Sovereign debt litigation**

OTC derivatives statistics at end-December 2017
BIS
The gross market value of outstanding OTC derivatives contracts fell to $11 trillion at end-2017, its lowest level since 2007. - The share of centrally cleared credit default swaps (CDS) rose to 55% at end-2017, as central clearing made further inroads. - The BIS revised the full history of the OTC derivatives statistics to incorporate more data from the Triennial Central Bank Survey. The grand total for all contracts remains unchanged, but amounts for all breakdowns are higher due to the allocation of previously undistributed amounts. **TAGS: Derivatives**; **Sovereign CDS**

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.

9 – 13 July 2018; Joint Vienna Institute, Wien
Designing government debt management strategies – 2018

2 - 3 August 2018; VGFOA Virginia Government Finance Officers' Association, Henrico Training Center, USA
Issuing Public Debt 2018

2 - 3 August 2018; Moody's, New York, USA
Introduction to Public Finance

14 August 2018; Moody's, New York, USA
Financial analysis of local governments
20 – 21 August 2018; Financial Stability Board (FSB) and Deutsche Bundesbank, Goethe University, Frankfurt, Germany
Annual Meeting of Central Bank Research Association (CEBRA)

3 – 7 September 2018; UNCTAD, Palais of Nations in Geneva, Switzerland
UNCTAD Summer School 2018 Money, finance and debt: Old debates and new challenges

3 – 4 September 2018; Moody's, New York, USA
Analysis of Sovereign and Country risk

4 – 9 September; Fitch Learning, London
Sovereign and Country Risk

5 September; Euromoney Conference, New York, United States
Real Return XII: the inflation-linked products conference 2018

6 – 7 September 2018; IFF, London, UK, Venue TBC
Liquidity Risk Training Course

11 – 21 September 2018; Central Banking, Cambridge
Effective Oversight of Financial Market Infrastructures

11 – 21 September 2018; Central Banking, Cambridge
Financial Reporting, Accountability and Independence in Central Banking

11 – 21 September 2018; Central Banking, Cambridge
Risk Management for Central Banks

13 – 14 September 2018; Stigler Center, Chicago
10th Anniversary of Financial Crisis Conference

19 – 20 September 2018; Fitch Learning, London
Fundamentals of Economics and Financial Markets

19 – 21 September 2018; IFF, London, UK, Venue TBC
Fundamentals of Risk Management Training Course
20 - 21 September 2018; Bank of Italy, Rome
Conference on 'Low Inflation and Wage Dynamics: Implications for Monetary Policy and Financial Stability'

20 September 2018; CEPR, Warsaw, Poland
Transforming Capital Markets through Technology

20 - 21 September 2018; AFME, Paris, France
NBP-Bank of Lithuania-CEBRA-CEPR Conference: International Spillovers

26 September 2018; Euromoney Conference, Hong Kong (China)
Asia sustainable & responsible Capital Markets Forum 2018

01 – 02 October 2018; SIFMA, Washington, DC
SIFMA Annual Meeting 2018

01 – 02 October 2018; AFME – Finance for Europe, etc venues, St Paul's, London
AFME's European Compliance and Legal Conference 2018

11 - 12 October 2018; Fleming, Hotel Novotel, Amsterdam City, The Netherlands
Collateral Management Forum

11 - 12 October 2018; CFA Institute, Boston
Fixed-Income management conference 2018

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

15 – 17 October 2018, IFF, London, UK, Venue TBC
Advanced Swaps Training Course

17 October 2018; FTI Treasury, Dublin
Training - Understanding Treasury Management

22 – 23 October 2018; The World Bank, Rome, Italy

[The Seventh Public Investors Conference]

24 - 25 October 2018; The World Bank, Washington, D.C.
[2018 Sovereign Debt Management Forum]

2 - 3 November 2018; Bank of Greece, Hotel Grande Bretagne, Athens
[Economic history conference The birth of inter-war central banks: building a new monetary order]

7 – 9 November 2018; UNCTAD, Geneva, Switzerland
[Debt and Debt Sustainability and Interrelated Systemic Issues]

8 November 2018; Moody's, London, Merchant Taylors' Hall
[Moody's Global Sovereign Conference 2018]

12 - 13 November 2018; AFME, Sofitel Europe, Brussels
[European Government Bond Conference 2018]

15 – 16 November 2018; Global Interdependence Center, Madrid, Spain
[Central Banking series: Madrid]

28 – 29 November 2018; EBA, London UK, EBA premises
[Reaping the benefits of an integrated EU banking market]

4 – 6 December 2018; Center of Excellence in Finance (CEF), Ljubljana, Slovenia
[Debt Reduction Strategies and Risk Management]

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

PDM Network in Figures

At **25 July, 2018**, the number of documents, reports and events on the PDM Network website is **8,410**. News uploaded on the website since January 2017 are **6,895**. This newsletter is sent to **706** Subscribers from emerging and advanced countries.

Special Thanks

The PDM Secretariat is grateful to Andre Proite (Brazilian National Treasury), Banu Turhan Kayaalp (World Bank), Kamiar Mohaddes (University of Cambridge), and various DMOs for information on new documents and 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.